

CONSUMER PROTECTION RESOURCE GUIDE



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Prepared by the Michigan Legislature

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With the growing consumer movement in Michigan, there has been an increase in the number of requests from citizens for information about consumer rights under Michigan law. The “Consumer Information Book” describes some common frauds, how to avoid them, and what to do if you think someone has deceived you. A directory of agencies at the local, state and national levels is provided at the end of this publication for convenient reference. An alert and knowledgeable consumer is the best protection against fraud and deception. Keep this booklet handy. Refer to it when you or your friends need help. If you have any further questions concerning this information or other consumer issues, please contact:

**The Attorney General
6th Floor, G. Mennen Williams Building
525 West Ottawa Street
Lansing, MI 48913
(517) 373-1140**



CONSUMER RIGHTS/PROTECTION

How to Complain

WHY COMPLAIN?

It is your right to complain to a business when you have a consumer problem; it's also your responsibility. Complaining is never easy but many businesses appreciate hearing from customers on how they can improve their services. After all, if you're not happy with their products or services, chances are that other customers have encountered the same problem. Here's an action plan to use for resolving a service complaint.

GATHER YOUR INFORMATION

1. Write down exactly what happened:
 - what created the problem;
 - who you have talked with already;
 - when the problem occurred;
 - where the problem happened.
2. Decide what compensation you expect for the problem.
 - You could request a refund, exchange, credit, or just an apology.
3. Gather all relevant receipts and documents:
 - include all records of phone calls and other conversations;
 - record the date and time of every contact made;
 - photocopy any contracts, warranties, receipts, and canceled checks.

CONTACT THE MANAGER OF THE BUSINESS

- Contact the manager as soon as possible after the problem arises. A delay may jeopardize your ability to enforce your rights.
- Telephoning is often not as effective as a personal visit or a letter. Whatever method you choose, remember to document the contact.
- If you are nervous about talking to the manager, bring a friend. Your friend may help you feel more comfortable and can also serve as a witness to the discussion.
- If visiting the store is inconvenient, write a letter and keep a copy for yourself. The following is a "sample complaint letter" to assist you in writing to the store owner or manager.

SAMPLE LETTER

Your Address

City, State, Zip Code

Date

Complaint Department

Name of Company or Organization

Address

City, State, Zip Code

Dear Sir or Madam:

I am writing about . . . (describe the product, including serial and model number, services, issue, law or event).

I believe the product to be defective because . . . (describe problem briefly and accurately including dates, where purchased, etc.).

Enclosed please find . . . (send photocopies of bills, contracts, canceled checks, etc.).

I would like to . . . (describe what you want done - refund, exchange, repair, investigation or explanation, etc.).

I thought you would like to know of my dissatisfaction and . . . (state previous efforts and identify consumer protection agency to whom you are sending a copy of this letter).

I look forward to your reply explaining the action you are taking on my problem.

Sincerely,

Your Name

WHAT IF THEY DON'T RESPOND?

If your contact with the local business is not successful, you may have to contact a regional or national office to get results. Use the same steps when contacting these offices and include documentation of your contacts with the local business. If the business is not part of a larger chain you should contact a local consumer protection agency.

You may also want to contact a local consumer protection agency if you feel you are waiting too long for the business to react. If your area doesn't have a local agency, contact :

The Attorney General

6th Floor, G. Mennen Williams Building

525 West Ottawa Street

Lansing, Michigan 48913

Telephone (517) 373-1140 ❖

You Can Protect Yourself

Michigan's Attorney General estimates that Michigan citizens are bilked out of millions of dollars each year through:

- Inferior products;
- Overpricing;
- Exorbitantly high interest rates;
- Unneeded products or services.

These are only a few of the many areas to watch in your business dealings.

LEARN THESE FIVE WARNING SIGNS

1. An offer of something for nothing.
2. Salespersons who "run down" another's product.
3. Pressure to sign immediately.
4. Offer of kickbacks for referring sales prospects or for signing other people to the program.
5. A businessperson who doesn't tell his or her business address.

DO

1. Read and understand all papers before you sign them.
2. Buy only from reputable businesspersons.
3. Avoid using credit if you can.
4. Be skeptical of many advertising claims.
5. Take the time to investigate.
6. Consult with others.
7. Ask for and check references.

DON'T

1. Pay until you're sure.
2. Sign anything until you've "slept on it."
3. Buy without comparing prices from other sources. ❖



Taking Legal Action

If you feel an individual or a business has treated you unfairly and you believe they owe you money or satisfaction, there is something you can do about it. Acting on your own behalf, without the expense of an attorney, you can sue in small claims court for damages up to \$1,750. The following information outlines the procedures you will need to know.

WHAT IS SMALL CLAIMS COURT?

The small claims court was established in 1968 as a division of the district court system. Its purpose is to provide a court to be used by people without the aid of attorneys to settle monetary disputes of \$1,750 or less, or to acquire some type of fair settlement and to resolve disputes quickly and inexpensively.

In addition to awarding monetary damages, the small claims court can cancel or change an unfair contract; order someone to do something, such as continue to provide a service; or order someone to stop doing something, such as attempting to repossess an article. The maximum amount you can collect through a small claims court settlement is \$1,750. This limit is set in law by the Legislature and is subject to change.

WHAT ACTIONS MAY BE BROUGHT TO SMALL CLAIMS COURT?

Let's say you contract with a home improvement firm to do work on your home and the work doesn't meet the standards promised by the salesperson or the contract. The firm asks for full payment but you feel the firm doesn't deserve full payment unless the work is corrected. You can take the firm to small claims court to resolve the dispute.

Perhaps you've moved from a house or apartment you rented and the landlord won't return your security deposit. You can sue the landlord in small claims court to get your security deposit back.

You can also sue an individual or business which has caused damage to your property or possessions. For instance, you may sue an automobile repair service for unsatisfactory work or a dry cleaner for damaging your clothing.

You can also sue in small claims court if your car is damaged in a collision and you are not fully reimbursed or covered by insurance.

HOW MUCH CAN I SUE FOR CAR DAMAGE?

Under the "mini-tort" provision of the No-Fault Auto Insurance Law, you may sue to recover up to \$500 in damages if the other driver is 50 percent or more at fault. You cannot sue if you were more than 50 percent at fault in the accident. If you are awarded damages by the judge, the other driver will be ordered to pay according to the percentage of fault. For example, if you had \$500 damage to your car which was not paid under your auto insurance, and the other driver was 80 percent at fault, you could be awarded \$400 (\$500 x 80% = \$400). All "mini-tort" cases must be started in the small claims court, but like other small claims cases, you can be moved to a higher court upon request. (More information about "mini-tort" is available from the Michigan Insurance Bureau, phone (517) 373-0240.)

DO I NEED A LAWYER?

You do not need to know anything about the law to bring a suit in small claims court. Since lawyers aren't allowed to argue cases for clients, you don't need a lawyer. You simply state your case in your own words. After both sides have been heard, the judge decides who is right.

CAN I APPEAL THE CASE?

If you win the case, the defendant must comply with the judge's ruling. It's important to remember that the judge's decision is final in small claims court. It cannot be appealed to a higher court. You have the right to use this court. It's not complicated or expensive. Here's how to go about it.

HOW TO START YOUR LAWSUIT

File a claim

The first step is to file a claim against the person or business you want to sue. This is done in person at a district court office. The claim can be filed in the county where the defendant lives, the county where the business is located, or in the county where the transaction took place. Start by calling the district court in the county where the person or business is located and ask if that office is the proper place to file your claim. If not, they will advise you of the proper course of action. The district court number is listed in the telephone book under the county office listings.

Taking Legal Action

Fees for filing

During your initial telephone conversation with the district court, be sure to ask exactly how much the filing fee is and if there will be additional fees. The cost of filing a small claim is minimal, but the total cost will vary depending on other fees, such as the cost of service upon the defendant, writs of execution, attachment or garnishment. Be prepared to bring the correct amount with you to pay all fees in cash when you file your claim.

WHAT YOU MUST KNOW TO FILE

You must appear in person at the district court office to file your claim. Tell the clerk that you want to file a small claim and you will be given a simple form to fill out. You will need to know the exact name and address of the person or business you are suing, how much money you are suing for, and why you are suing. If you win the case, you are entitled to be reimbursed for the costs of filing your suit. Be sure to request the award of costs in your claim.

When you file your claim you should bring along any evidence you may have to back it up such as a bill of sale, receipt, lease, accident report, photographs, repair bills or estimates, promissory note or contract.

TAKE PRECAUTIONS

Before you invest your time and money in filing a claim for monetary damages, you should have some idea if the individual or business you are suing has enough money to settle your claim. If you know for a fact that the person or business you want to sue would not be able to pay you if you won, there's not much point in filing the claim.

Be sure that you give the correct, exact, and complete name and address of the defendant. If you are suing a business, you should know its legal name. This is very important. Unless you have the correct person or business and address, you may not be able to collect any money you are awarded. Remember that businesses sometimes operate under an assumed name. You can call the county clerk's office in the county where the business is located for assistance in finding the legal name of the business. You can also verify the name through the Corporations and Securities Bureau, phone (517) 334-6212.

BEFORE THE HEARING

The court will notify the defendant that you have filed a claim. This is called "serving the defendant" with a summons. Both you and the defendant will be notified of the date of appearance which has been set by the court. The hearing is usually at least 30 days from the time you first filed your suit. You should use this time to organize your presentation and evidence.

SETTLING IN A HIGHER COURT

The person or business you are suing has the right to ask that the case be heard in a higher court, which is the general district court. You will be notified if the defendant makes such a request. In the higher court, both you and the defendant have the right to be represented by an attorney. Whoever loses the case may be asked to pay for legal expenses.

SETTLING OUT OF COURT

It is also possible that the defendant will offer to pay out of court once a notice of your pending lawsuit is received. If you reach such an agreement, make sure that the terms of payment are put in writing and signed by both you and the defendant. Then file a copy of the agreement with the court. Once accepted by the court, the agreement becomes an official judgment of the court and is enforceable by law.

PREPARING FOR THE HEARING

After you file your case, you should carefully organize your presentation and evidence. It's a good idea to outline the major points you wish to make as you will want to present all the important facts clearly. Evidence can include such items as: bills of sale, receipts, leases, accident reports, photographs, repair bills or estimates, promissory notes, or contracts. Evidence may also be statements made by witnesses. If you do not have access to some of the evidence, you may ask the court to issue a subpoena to produce the evidence. Additionally, if it is necessary to ensure a witness attends the hearing, a subpoena may be requested for that purpose. These subpoena requests should be made early in the 30-day period. The court may help in filing a subpoena request but you would need to first ask for assistance.

The court will notify both you and the defendant of the date you both must appear in court. If it is impossible for you to attend the hearing, be sure to let the court clerk know as soon as possible. The court may set an alternative hearing date. It is strictly up to the court.

THE HEARING

The hearing will take place at the court where you filed your claim, unless another location is specified by the court. Be there on time. Be sure to bring all your evidence with you and make sure any witnesses are there on time.

If one party is absent

If it's impossible for you to attend the hearing, be sure to let the court clerk know as soon as possible so that an alternative hearing date can be set. If you fail to attend the hearing without having notified the court, your claim will be dismissed.

If the defendant does not show up for the hearing, the court will usually grant you a "default" judgment. This means that the judge decides in your favor even though the other side of the case has not been presented.

If both parties show up, the hearing will proceed. The court clerk will call your case when its time for the hearing and you and the defendant will appear before the judge. The judge will ask you to state your claim.

Stating your claim

Take your time and in your own words tell what happened, why you think the defendant owes you money, or what you would like done. Remember, this is NOT the time or place to vent your anger or frustration. Keep your testimony to the facts of the case. Show the judge the papers or evidence you brought and introduce any witnesses you may have. The witnesses will be allowed to tell the judge what they know about the case in their own words.

After you have finished, the defendant will have an opportunity to tell the other side of the case. Listen carefully. It is up to you to make sure all the facts of the case are presented to the judge fairly and completely. If you think the defendant is leaving something out or changing the facts, tell the judge. The judge will want to hear all the facts before making a decision.

The final decision

Remember, the judge's decision is final, and cannot be appealed, except if the case was heard before a District Court magistrate. Then, an appeal can be made within 7 days after the entry of a decision. Neither you nor the defendant can take the case to a higher court once the judge has made a decision in the small claims division.

COLLECTING YOUR MONEY

If the judge decides in your favor, that means the defendant must pay you the amount ordered by the judge plus a small amount in court costs. If the defendant refuses to abide by the order of the court, there are various options open to you.

Writ of garnishment

First of all, ask the court how it can assist you in collecting money. For a small fee, the court may be able to issue a "writ of garnishment." This would mean that your payments would be taken out of the defendant's wages or bank account. However, the court must have enough information to do so. It's a good idea to try to learn the defendant's social security number, bank, place of employment and employment badge number at the time of the initial hearing just in case this situation arises. You do this by asking the person these questions when they take the stand to testify.

Discovery subpoena

If you and the court are unable to obtain this information, you might consider bringing the defendant back into court to do this. You would have to request that the court issue a "discovery subpoena," which will require the defendant to appear in court to disclose information necessary for a writ of garnishment. At this time, it will be possible to find out the defendant's bank account for attachment.

Writ of execution

If the court is unable to carry out a garnishment, it might choose to issue a "writ of execution." In this case the court would seize some property of the defendant and sell it in order to pay your judgment.

Once the defendant has complied with the judge's decision, you will be finished with your lawsuit in the Small Claims Division of District Court.

POINTS TO REMEMBER

- Do not be afraid to go to small claims court. It is your court. If you feel you have a claim against an individual or a business which you cannot settle otherwise, take them to court. It is your right.
- You do not need a lawyer to file and carry through a small claim in the Small Claims Division of District Court. Lawyers are not permitted to practice in these courts.

Taking Legal Action

- If you win your case, the defendant is legally bound to pay you.
- Decisions in the Small Claims Division of District Court cannot be appealed unless a decision is made by a District Court magistrate rather than a District Court judge. An appeal must be made within 7 days after the entry of a District Court magistrate's decision.
- You can also sue in small claims court for automobile collision damage caused by another driver, provided the damage is not covered by your insurance. However, you cannot recover more than \$500. More information about these "mini-tort" lawsuits is available from the Insurance Bureau. ❖

Michigan Consumer Protection Act

(1976 PA 331)

The Consumer Protection Act in Michigan gives consumers, prosecutors, and the Attorney General a more effective way to fight deceptive practices. This act prohibits many unfair and deceptive trade practices and gives prosecutors more power to enforce the law. It also encourages consumers to sue businesses which they suspect are deceiving customers. If they win, consumers can receive damages or \$250, whichever is greater, and reasonable attorneys' fees.

The following gives the prohibited practices listed in the Consumer Protection Act and an example of the type of situation which may apply.

1. Causing a probability of confusion or misunderstanding as to the source, sponsorship, approval or certification of goods or services.

Example: A mail order company uses a governmental-sounding name to imply government sanction.

2. Using deceptive representations or deceptive designations of geographic origin in connection with goods or services.

Example: A company labels wine, made in the United States with U.S.-grown grapes, with the words "French wine."

3. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities which they do not have; or that a person has sponsorship, approval, status, affiliation or connection which he/she does not have.

Example: A business falsely claims to have the endorsement of the Chamber of Commerce or Better Business Bureau.

4. Representing that goods are new if they are deteriorated, altered, reconditioned, used or secondhand.

Example: A tire dealer sells retreaded tires as new.

5. Representing that goods or services are of a particular standard, quality or grade, or that goods are of a particular style or model, if they are of another.

Example: An appliance store sells a 1994 model television as a 1996 model.

6. Disparaging the goods, services, business or reputation of another by false or misleading representation of fact.

Example: A business falsely claims it can undersell competitors because the competition can't buy in as large a volume from wholesalers.

7. Advertising or representing goods or services with intent not to dispose of those goods or services as advertised or represented.

Example: A department store advertises a low-priced sewing machine with the intent to switch consumers to a higher-priced model.

8. Advertising goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity in immediate conjunction with the advertised goods or services.

Example: A store advertises a sale on freezers without disclosing it has only three in stock.

9. Making false or misleading statements of fact concerning the reason for, existence of, or amounts of, price reductions.

Example: A store advertises merchandise at 20 percent off the "regular" price but has never sold the merchandise at the "regular" price.

10. Representing that a part, replacement or repair service is needed when it is not.

Example: An appliance repair person falsely claims several parts are defective and need to be replaced.

11. Telling someone goods and services were requested, when they were not.

Example: A record club sends a record album and bill falsely claiming the member had ordered it.

12. Misrepresenting that because of some defect in a consumer's home the health, safety or lives of the consumer or his/her family are in danger if the product or services are not purchased, when in fact the defect does not exist or the product or services would not remove the danger.

Consumer Protection Act

Example: A home repairperson claims a furnace is dangerous and should be replaced immediately when it's neither dangerous nor in need of replacement.

- 13.** Causing a probability of confusion or of misunderstanding with respect to the authority of a salesperson, representative or agent to negotiate the final terms of a transaction.

Example: A car salesperson makes an offer to sell a car at a certain price but does not have the final authority to negotiate the price.

- 14.** Causing probability of confusion or of misunderstanding as to the legal rights, obligations or remedies of a party to a transaction.

Example: A salesperson implies a contract can be easily canceled when there are severe restrictions on the cancellation.

- 15.** Causing a probability of confusion or misunderstanding as to the terms or conditions of credit if credit is extended in a transaction.

Example: A business claims a consumer will not have to make the first installment payment on purchase for 60 days but sends a bill requiring immediate payment a week after the sale.

- 16.** Disclaiming or limiting an implied warranty, unless a disclaimer is clearly and conspicuously disclosed.

Example: A manufacturer refuses to repair a recently purchased lawn mower which won't cut grass and was not sold "as is."

- 17.** Representing or implying that goods and/or services will be provided promptly, when the merchant knows or has reason to know it will not be so provided.

Example: A furniture manager claims new furniture will be delivered within two weeks but knows it will take longer to get it from the manufacturer.

- 18.** Representing that a consumer will receive goods or services "free," "without charge" or using similar phrases without clearly disclosing the conditions, terms or prerequisites to the use or retention of the goods or services advertised.

Example: A gas station advertises a free car wash with fill-up without clearly disclosing that a minimum purchase is required.

- 19.** Failing to reveal a material fact, the omission of which tends to mislead or deceive the consumer, and which fact could not reasonably be known by the consumer.

Example: A builder makes surface repairs to an old home to hide substantial defects and code violations.

- 20.** Entering into a consumer transaction in which the consumer waives or seems to waive a right, benefit or immunity provided by law, unless the waiver is clearly stated and the consumer has specifically consented to it.

Example: A business refuses to give a refund on a defective product claiming "all sales are final" although the product was not sold "as is."

- 21.** Failing, in a consumer transaction which is rescinded, canceled or otherwise terminated in accordance with the terms of an agreement, advertisement, representation or provision of law, to promptly restore to the person or persons entitled thereto any deposit, down payment or other payment, or in the case of property traded in but not available, the greater of the agreed value or the fair market value of the property, or to cancel without a specified time or an otherwise reasonable time an acquired security interest.

Example: A door-to-door salesperson refuses to return a deposit even though the consumer has canceled the contract within three business days as provided by Michigan's Door-to-Door Sales Law.

- 22.** Arranging for the consumer to sign something when the merchant knows or has reason to know that the statement is not true.

Example: A moving company requires a consumer to sign a statement confirming that all goods have arrived undamaged when the mover knows it isn't true.

- 23.** Representing that a consumer will receive a rebate, discount or other benefit when the benefit is contingent on an event to occur after the transaction.

Example: A salesperson convinces a consumer to purchase a vacuum cleaner by promising cash for each person the consumer gets to buy one in the future.

- 24.** Taking advantage of the consumer's inability to protect his/her interests by reason of disability, illiteracy or inability to understand an agreement.

Example: A business requires a person who only understands Spanish to sign a contract written in English.

- 25.** Gross discrepancies between the oral representations of the seller and the written agreement covering the same transaction or failure of the other party to the transaction to provide the promised benefits.

Example: A travel agent claims meals and entertainment are included in a tour package when the agent knows they are not.

- 26.** Charging the consumer a price grossly in excess of the price at which similar property or services are sold.

Example: A gas station charges a consumer, whose car has run out of gas, \$20 per gallon when there are no other gas stations for 50 miles.

- 27.** Using coercion and duress to take advantage of a customer.

Example: An agent for a home repair contractor convinces a consumer whose house is on fire to sign a contract for repairs.

- 28.** Making a representation of fact or statement of fact material to the transaction such that a person reasonably believes the represented or suggested state of affairs to be other than it actually is.

Example: An insurance agent implies an insurance policy is really a savings program by using the word “contract” instead of “policy,” “deposit” instead of “premium.”

- 29.** Failing to reveal facts which are material to the transaction in light of representations of fact made in a positive manner.

Example: A car dealer claims a used car has been repaired so that it runs perfectly but knows its headlights don't work.

- 30.** Representing the product or package as recycled, recyclable, degradable or is of a certain recycled content.

Example: A manufacturer claims that they have developed a product made of 100% recycled material, when in fact, the product is made of only 50% recycled material.

- 31.** Representing a product as degradable, biodegradable, or photodegradable unless it can be substantiated that the product will decompose within a reasonably short period of time.

SUMMARY

The Consumer Protection Act gives strong enforcement powers to county prosecutors and the Attorney General. If an enforcement agency believes a business has violated the act or is about to, it can:

- request a court order to stop the business from using the practice. The business has 10 days to stop the practice before court action begins;
- request that the court require the business to appear before the enforcement agency for questioning or for a review of its records;
- accept an assurance of discontinuance. This means the business does not admit guilt but agrees to stop using the questionable practice;
- file a class action lawsuit on behalf of consumers;
- negotiate a settlement between a consumer and a business.

There are penalties for violating the act. For continued and deliberate violation of a prohibited practice, a business may be fined up to \$25,000. A person who violates a court order on purpose may receive a fine up to \$5,000. The act assesses a civil penalty up to \$5,000 for a person who ignores or avoids a subpoena or who hides important information.

Under the act, consumers have several ways to fight deceptive practices. They can:

- ask a court to order a business to stop using an illegal practice;
- file a lawsuit to recover attorneys' fees as well as actual damages or \$250, whichever is greater;
- file a class action lawsuit.

While the Consumer Protection Act is available if you need it, remember, it's aimed at dishonest operators who are a small portion of the business community. Chances are, when you have a complaint against a business, it is the result of a mistake or a misunderstanding, rather than an intentional effort to mislead or deceive.

Before you decide to take legal action or contact an enforcement agency, try to solve the complaint yourself. Ask to see the store manager or write a letter to the company's president. Calmly present your side of the problem and have a solution in mind. If that fails, then take your problem to the county prosecutor or the Attorney General. ♦

Checking Account/ Deposit Information

WHAT YOU SHOULD KNOW ABOUT CHECK-HOLD POLICIES

For some time, banks, credit unions and savings and loans had the option of holding their customers' deposited checks for as long as eight to 10 days in order for the checks to clear.

Federal Reserve Board regulations (Regulation CC), effective since 1990, require banks, credit unions and savings and loans to make deposited checks available within a specific amount of time, as determined by the type of check.

You should receive next business day access for:

- electronic funds transfers;
- U.S. Department of Treasury checks;
- state and local government checks;
- cashier's checks;
- all deposits using an automatic teller machine (ATM) that are cash, Treasury checks or checks drawn from the same ATM bank;
- up to \$100 from "local" checks within the same Federal Reserve check-processing region. In the Lower Peninsula this means you have deposited any check issued with the beginning routing numbers 0720, 0724, 2720, 2724, found in the code at the bottom of the check. This means that the check was drawn from a Michigan bank located south of the Mackinac Bridge.
- in the Upper Peninsula, a "local" check is any check with the beginning code numbers 0910, 0911, 2910, or 2911. These "local" checks may be drawn from banks, credit unions and savings and loans within the Minneapolis Federal Reserve region. A check deposited in Petoskey that was written from a bank in St. Ignace is not a local check under Federal Reserve guidelines.
- up to \$100 from checks drawn from "nonlocal" financial institutions.

A note about ATMs:

Deposits made at an ATM that is not operated by your bank can be delayed.

Also, your bank may have cut-off times in place for when an ATM deposit will be available the next day.

You should receive access within two business days for:

- any funds in excess of \$100 from "local" checks drawn and deposited in different financial institutions within the same Federal Reserve region;
- funds in excess of \$100 deposited from a "local" bank, credit union or savings and loan using an ATM.

You should receive access within five business days for:

- all money from checks drawn from "nonlocal" financial institutions including those deposited using an ATM.

WHERE TO COMPLAIN

If you have a complaint against a bank, credit union or savings and loan, you may contact the following offices:

- State Chartered Banks, Credit Unions or Savings and Loans:
Department of Consumer and Industry Services
Financial Institutions Bureau
Bank and Trust Division or
Credit Union Division
P.O. Box 30224
Lansing, MI 48909
(517) 373-6950
(517) 373-6930
- Federally Chartered Banks:
Comptroller of the Currency
440 S. LaSalle, Suite 2700
Chicago, IL 60605
(312) 663-8040
- Federally Chartered Credit Unions:
National Credit Union Administration
4225 Naperville Rd., Suite 125
Lisle, IL 60532
(708) 245-1000
- Federally Chartered Savings and Loans:
Office of Thrift Supervision
111 E. Wacker Drive, Suite 800
Chicago, IL 60601
1-800-842-6929 ♦

Your Rights as a Utility Customer in Michigan

If you are a customer of any utility company regulated by the Michigan Public Service Commission (PSC), you have certain customer rights. If you are not sure whether or not your utility company is regulated, call the Public Service Commission, toll free, at 1-800-292-9555, TDD 1-800-443-8926 for the hearing-impaired.

GENERAL RIGHTS

1. You have 21 days to pay your bill.
2. You are entitled to prompt, courteous service.
3. You will be given an opportunity to pay your bill in installments if you have a financial emergency.
4. The utility company will set up a hearing process to deal with complaints.
5. The utility will continue your service if you have a proven medical emergency.
6. The utility will follow strict procedure before your service is shut off.
7. The utility may add a 2% charge for a late payment unless you are participating in the Winter Protection plan.

SHUTOFF RULES

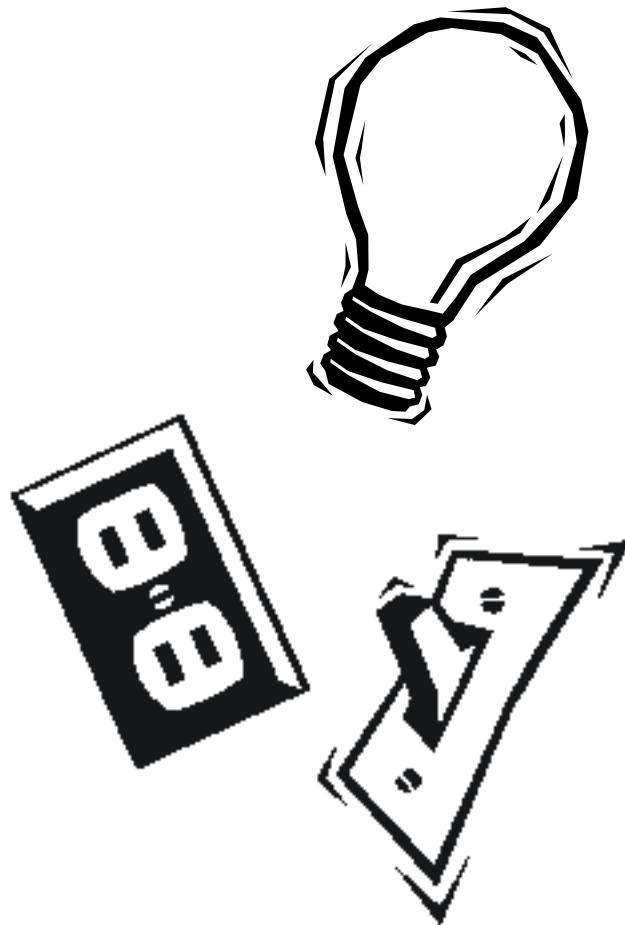
1. Your utility service may be shut off if you:
 - do not attempt to pay any amount past due and have not entered into a settlement agreement;
 - do not keep up with your settlement agreement;
 - tamper with service or utility equipment;
 - refuse to let the service person read your meter or inspect or repair utility equipment;
 - use a false name to get service.
2. The utility company must send you written notice 10 days before shutting off your service.
3. Your utility service shall not be shut off if you:
 - do not pay for merchandise or appliances purchased from the utility;
 - rent your residence and your utilities are included in your rent, BUT your landlord fails to

pay the bill. In this situation you, as renter, can prevent the shutoff if you:

- agree to put the service in your name. If you do, the utility company cannot charge you any of the past bill; or
- participate in the Winter Protection Plan. Call the PSC to apply, your income level must be within their acceptable guidelines to qualify.

If you have complaints about your utility company or your bill, you should contact the utility company.

If you have specific questions regarding your rights as a utility customer, or problems settling complaints with your utility company, contact the Public Service Commission at 1-800-292-9555. TDD 1-800-443-8926. ♦



HEALTH INSURANCE REFORM

INTRODUCTION

It is estimated that at any given time, approximately 43 million people (source: U.S. Department of Labor) nationwide are without health insurance coverage. Discriminatory insurance market practices have been held primarily responsible for the coverage problems presently facing health care consumers. Individuals who have medical conditions often have difficulty obtaining affordable coverage due to unreasonable preexisting medical condition exclusions. Lack of portability creates a similar dilemma for those who either change jobs or lose their jobs and lose their insurance coverage in the process.

The Health Insurance Portability and Accountability Act (HIPAA), commonly known as the Kennedy-Kassebaum bill (named after primary sponsors Senator Edward Kennedy (D-Massachusetts) and former Senator Nancy Kassebaum Baker) will make it easier for individuals to renew or acquire health insurance policies by limiting the denial of coverage based on preexisting medical conditions and applying new portability rules to employment-based health plans. Effective July 1, 1997, the bill will assist an estimated one in four Americans who are caught in "job lock," hesitant to switch jobs or start their own businesses because of preexisting conditions that would prevent them from obtaining new insurance coverage. HIPAA includes changes that:

- limit exclusions for preexisting conditions;
- prohibit discrimination against employees and dependents based on their health status;
- guarantee renewability and availability of health coverage to certain employers and individuals; and
- protect many workers who lose health coverage by providing better access to individual health insurance coverage.

PREEXISTING CONDITION EXCLUSION

- Insurers cannot deny coverage or impose preexisting condition exclusions for more than twelve months for any condition diagnosed or treated in the preceding six months.
- The twelve-month exclusion period is a lifetime limit; no new preexisting condition exclusions may be imposed on any individual who maintains continuous coverage (i.e., a gap in coverage of no

longer than sixty-three days), whether through private insurance, Medicaid, Medicare, state, risk pools, or other programs or plans. Differently stated, preexisting condition exclusions may last no more than twelve months as long as continuous coverage is maintained, regardless of how often the covered person changes jobs or insurance plans. This provision effectively addresses the "job lock" dilemma by allowing people to switch jobs without triggering a new exclusion of treatment. It applies not only to standard group health plans but to self-insured (ERISA) plans as well.

- Families with employment-based health insurance can change jobs without triggering new exclusions in coverage of children with preexisting conditions, provided that twelve months of continuous coverage has been maintained.
- Pregnancy cannot be excluded as a preexisting condition. In addition, group health insurers cannot apply preexisting condition exclusions to newborn babies or adopted children who are covered within thirty days of birth, adoption, or placement for adoption, and who are continuously covered thereafter.
- Children born with serious medical problems are not subject to preexisting condition exclusions, as long as they are covered by a group plan within thirty days of birth and have continuous coverage thereafter.
- While insurers cannot flatly exclude coverage based on preexisting medical conditions, they may charge more for groups including many individuals with preexisting conditions.

SMALL GROUP PROTECTIONS

- Insurers covering small employers (i.e., two to fifty employees) cannot deny coverage to any such employer and its employees, regardless of potentially costly health problems. Insurers may, however, charge more for groups with higher health costs.
- The bill assures the availability of individual policies for those who lose group coverage, whether through job termination, a change in employment to a job not offering health insurance, or other factors. This alternative coverage applies to dependents as well. Qualifications for guaranteed conversion from group to individual coverage

include eighteen months of continuous prior coverage under a group plan; exhaustion of full COBRA coverage, if available; ineligibility for coverage through other programs such as Medicare or Medicaid; and have not experienced a gap in coverage exceeding sixty-three days.

NONDISCRIMINATION AND GUARANTEED RENEWABILITY

- Group plans and employers cannot deny an individual coverage on the basis of health status, medical condition, claims experience, medical history, genetic information, disability, or status as a victim of domestic abuse.
- Insurers must offer guaranteed renewability of group and individual policies, except in cases of fraud, nonpayment of premiums, noncompliance with material plan provisions, or other specified factors.
- Group health plans and employers cannot deny coverage to families with children who have health problems; similarly, companies cannot refuse to renew a family's health insurance policy in the event that a child develops a medical condition.

ELECTRONIC TRANSFER OF MEDICAL RECORDS

- The legislation encourages the development of a system allowing for the electronic transfer of a substantial amount of confidential medical information about Medicare and Medicaid beneficiaries and the privately insured.

MEDICAL SAVINGS ACCOUNTS

- Beginning in 1997, the Health Insurance Portability and Accountability Act allows for the creation of up to 750,000 tax-exempt Medical Savings Accounts (MSA). An MSA is a noncomprehensive, combination type of health coverage consisting of a tax-advantaged savings plan from which funds are drawn to pay for routine medical expenses and a catastrophic health plan with a very high deductible. The MSA provision is the result of a compromise permitting a four-year limited test of the MSA idea that cleared the way for final action on the bill. There will be no further MSA expansion beyond the initial four-year period unless Congress votes to extend the program.

- These accounts will be limited to the uninsured, the self-employed, and workers in small businesses with fewer than fifty employees. The compromise MSA provision also places limits on the size of the tax break; it also taxes (with penalties) most nonmedical withdrawals.

FEDERAL INCOME TAX DEDUCTIONS

- The federal law also increases the deductibility of premiums for the self-employed. This provision gradually raises the percentage of health insurance premiums the self-employed are able to deduct from their federal income taxes from the current 30 percent to 80 percent over a ten-year period.
- HIPAA also allows for the deductibility of long-term care expenses for federal income tax purposes. "Qualified" long-term care expenses—both home health care and nursing home costs—may be treated like other medical expenses.
- For the first time, premiums for long-term health care insurance may be deducted for federal income tax purposes, in accordance with certain specified limits.

CRIMINALIZE TRANSFERS OF ASSETS

- Also for the first time, individuals who "knowingly and willingly" transfer assets to qualify for Medicaid will be subject to fines of up to \$10,000 and a jail sentence of up to one year.

PATIENT BILL OF RIGHTS

The Michigan Legislature recently enacted a five-bill package, often referred to as the "Patient Bill of Rights," to address complaints lodged by both patients and health care providers regarding the current state of the health insurance marketplace and the efficiency of so-called managed care plans. This legislation offers health consumers protection by imposing various requirements on the health insurance industry. Effective October 1, 1997, Public Acts 472, 515, 516, 517, and 518 of 1996 contain provisions pertaining to the following issues:

EXPLANATION OF POLICY

- Insurance companies, Health Maintenance Organizations (HMOs), and Blue Cross-Blue Shield, will be required to provide a written form in plain English to customers upon enrollment describing the terms and conditions of the certificate, contract, or policy in question.
- Prudent purchaser organizations (PPOs) and HMOs will be responsible for providing to subscribers, upon request, a clear, complete, and accurate description of certain specified aspects of their plans.

GRIEVANCE PROCEDURES

Commercial health insurance companies will be required to establish internal, formal grievance procedures for approval by the Insurance Bureau. They also must establish an expedited grievance procedure. It would apply in cases where time frames for a normal grievance would severely jeopardize the life or health of the subscriber. Blue Cross-Blue Shield of Michigan and HMOs, both of which are already required to have grievance procedures, will also be required to establish an expedited grievance procedure. All entities must have the expedited grievance procedures in place by October 1, 1997.

PREEXISTING CONDITIONS

The Patient Bill of Rights legislation also addresses the preexisting condition issue:

- For a group policy covering more than fifty individuals, commercial health insurers may limit or exclude coverage for a preexisting condition for which medical advice, diagnosis, care, or treatment was recommended or received within six months prior to enrollment. However, this limitation may extend for no longer than six months after the effective date of the policy or certificate.
- For smaller group policies and individual policies, the exclusion or limitation may apply to a condition for which medical advice, diagnosis, care, or treatment was recommended or received within six months before enrollment and may not extend for more than twelve months after the effective date of the coverage.

- Blue Cross-Blue Shield and HMOs cannot exclude or limit coverage for a preexisting condition for an individual covered under a group contract or certificate. For an individual covered under a nongroup contract or certificate, BCBSM may exclude or limit coverage for a condition only if the exclusion or limitation is related to a condition for which medical advice, diagnosis, care, or treatment was recommended or received within six months prior to enrollment. The limitation or exclusion in this case may last no longer than six months after the effective date of the certificate.

PROVIDER PANELS

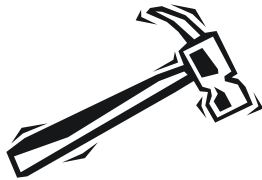
- PPOs establishing panels and HMOs contracting with affiliated providers or offering prudent purchaser contracts will now be required to develop and institute procedures designed to notify providers of a particular covered health care service located in the geographic area served by the organization of the formation of the provider panel. The procedures must include an initial sixty-day provider application period during which providers may apply for membership on the panel, as well as an additional sixty-day application period at least every four years.
- Notice of the application periods must be published in a newspaper with general circulation in the area served by the organization and must be given to providers upon request.

RENEWAL OR CONTINUATION OF CERTIFICATE

- The bills specify that, except as provided, BCBSM, commercial insurers, and HMOs will be required to review or continue in force a group certificate at the option of the sponsor of the plan. Guaranteed renewal, however, will not be required in cases of fraud, intentional misrepresentation of material fact, lack of payment, the discontinuance of a particular type of coverage by the corporation, or the movement by the individual or group out of the service area. ❖

HOME IMPROVEMENT PROGRAMS

Home Improvement Loans



FEDERAL ASSISTANCE AVAILABLE

The U.S. Department of
Housing and Urban

Development (HUD) makes Title I loans available through participating lenders. The loans are for routine maintenance to correct health or safety hazards, or to make improvements that will help conserve energy.

MAXIMUM LOAN AMOUNT

The maximum loan amount for an individual home is \$15,000.

HOW DO I QUALIFY FOR A LOAN?

1. You must own your property, or have a lease at least six months longer than the loan term.
2. You must be a reasonable credit risk.
3. Your house must have been completed and occupied for 90 days prior to the day you apply for the loan.
4. You must have enough income to repay the loan over its term.

HOW DO I APPLY?

HUD does not loan money; it guarantees the loans of private lenders. However, few private lenders offer this program. Contact banks, savings and loan associations, credit unions, and finance companies in your area to see if they are approved by the U.S. Department of Housing and Urban Development as Title I lenders. Programs are offered by the Michigan State Housing Development Authority (MSHDA): the Home Improvement Program (HIP) and the Community Home Improvement Program (CHIP).

MAXIMUM LOAN AMOUNT

The maximum is \$500 to \$15,000 for either a single family home or property with two to four units. The loan must be repaid within 15 years.

WHAT KIND OF IMPROVEMENTS ARE FINANCED?

If your home is at least 20 years old, you may qualify for a loan for almost any type of basic, permanent home improvement, such as:

- making repairs to bring the building up to code;
- installing insulation, storm windows or new doors;
- replacing your furnace;
- upgrading the plumbing or wiring.

If your home is newer you can:

- make energy-saving improvements;
- repair serious hazards to health and safety;
- make your home more accessible to a handicapped member of your household.

WHAT ARE THE INCOME ELIGIBILITY REQUIREMENTS?

Interest rates for these loans vary from 1 percent to 9 percent, depending on the total annual adjusted income for the household. To calculate the household adjusted income, start with the total annual gross income for all household members and subtract \$750 for each person living in the household.

Annual Adjusted Income Rate	Interest
Less than \$10,000	1%
\$10–11,999	2%
12–13,999	3%
14–15,999	4%
16–17,999	5%
18–19,999	6%
20–23,999	7%
24–27,999	8%
28–35,999	9%
36–43,575	10%

WHAT ARE THE OTHER ELIGIBILITY REQUIREMENTS?

1. You must own the property free and clear or subject to a mortgage or land contract.
2. You, as owner, must live in the house that will be improved or in one of the units if the property is two to four units.

Home Improvement Loans

3. You must be a reasonable credit risk and be able to repay the loan.
4. The work must be completed within six months from the date of the loan.

HOW DO I APPLY?

MSHDA does not make loans directly to consumers. An applicant should contact a participating lending institution for a Home Improvement Program loan; or a community agency for a Community Home Improvement loan. The participating lender or community agency will tell you what you will need to do to complete the application.

The lender and/or community agency will determine whether you meet the guidelines of the MSHDA home improvement program. The lender will notify you after determining if your loan has been approved or denied. You must be certain of the improvements to be made and their cost before you receive the loan.

METHOD OF PAYMENT

MSHDA will buy the loan from the lender, and you will repay MSHDA directly, according to the terms of the loan. For additional information or a list of participating lenders and communities, contact:

Home Improvement Section
Michigan State Housing Development Authority
P.O. Box 30044
Lansing, MI 48909
(517) 373-8017

HOUSEHOLD HELP FOR SENIOR CITIZENS: HOUSEHOLD MAINTENANCE

If your home needs maintenance work, your local Area Agency on Aging may be able to help by:

- caulking and weather-stripping windows and doors;
- installing screens and storm windows;
- installing shades and curtain rods;
- replacing fuses, electrical plugs, frayed cords, door locks, window catches, etc.;
- cleaning attics and basements to remove fire and health hazards.

HOW DO I QUALIFY?

Anyone 60 or older may apply. The Area Agency on Aging will decide if you are eligible.

METHOD OF PAYMENT

The Area Agency on Aging will hire professionals to come out to your home to do the required work. All materials and tools will be provided, but any donation you can make is appreciated.

HOW DO I APPLY?

Not all Area Agencies on Aging can provide this help. Contact the nearest Area Agency on Aging to find out if this program is offered in your area and if you are eligible.

HOME REPAIRS

If your home needs repairs, your local Area Agency on Aging may be able to help by:

- installing insulation;
- repairing and painting siding;
- caulking and weather stripping;
- repairing and replacing your heating system.

HOW DO I QUALIFY?

Anyone 60 or older may apply. The Area Agency on Aging will decide if you are eligible.

METHOD OF PAYMENT

The Area Agency on Aging will hire a contractor to come out to your home to do the required work. All materials and tools will be provided, but any donation you can make is appreciated.

HOW DO I APPLY?

Not all Area Agency on Aging offices can provide this help. Contact the nearest office to find out if this program is offered in your area and if you are eligible.

MICHIGAN HOME ENERGY ANALYSIS

You may receive a home energy analysis through a participating utility company which may provide a number of energy-saving improvement ideas for your home. An energy auditor will walk through your home, conduct a heat-loss calculation, and provide you with the following:

- a list of suggested changes that would save energy;
- estimated savings (in energy costs) you will realize for each suggested change;
- cost estimates for do-it-yourself or contractor-installed measures;
- a list of participating lending institutions that will make loans available; and
- a list of contractors who are licensed to make energy conservation improvements in your area.

In addition, the utility will also provide information on interest-free loans for certain conservation measures and/or provide free ceiling insulation for low-income persons.

HOW DO I QUALIFY?

Any customer of a participating utility is eligible. If you are a customer of more than one participating utility, you may receive an energy analysis from either utility.

COST

Energy analyses will be conducted for a small fee, which may be paid to your utility company as part of your regular monthly bill. Financing for any improvements should be arranged through private lending institutions.

HOW DO I APPLY?

If you would like an energy analysis, call your local utility company customer service office. The phone number is on the utility bill.

HEATING ASSISTANCE

If you need help paying your utility/fuel bills (natural gas, fuel oil, electricity, LP gas, etc.) you may be eligible for assistance through the Family

Independence Agency, FEMA or Community Action Agencies (CAA).

Short-term emergency assistance may also be available such as emergency fuel delivery, warm clothing and blankets, temporary services to prevent hardship and danger to health.

NOTE: Income guidelines are set by the various agencies on a program-by-program basis.

METHOD OF PAYMENT

Payment of utility/fuel bills will be made directly to a utility company/fuel supplier. Other emergency assistance may be provided directly to you by your CAA.

HOW DO I APPLY?

Contact the local Community Action Agency Center in your area, or call the Family Independence Agency hot line for more information: 1-800-292-5650. A listing of local CAA centers is at the back of this book.

***How to Heat Your Home with Less Fuel
(and help conserve energy
in Michigan)***

***21 ways to conserve fuel (and money) at
your house this winter***



THINGS YOU CAN DO THAT DON'T COST MONEY:

1. Turn down your thermostat 2 degrees every other day until you find the lowest temperature at which you can be comfortable. You may be surprised to find that it is below 70 degrees.
2. Turn down your thermostat when you go to sleep. Turn it down during the day if everyone is away all day.
3. Close doors and turn off heat to the unused areas of your home.
4. Close the drapes and pull the shades at night.
5. Change furnace air filter at least once a month to maintain efficiency.
6. "Balance" the system by regulating the heat directed to each room. This will eliminate wasted heat in "hot" areas of your home.
7. Open shades and drapes on sunny days.
8. Do not hold open outside doors for conversation.
9. Clear all obstructions away from registers and grilles, such as drapes, rugs and chairs, which would restrict air movement.
10. Close fireplace damper when not in use.
11. Turn down your thermostat when away for the weekend or on vacation but, make sure the temperature will not cause pipes to freeze!
12. Wear heavier clothing at home.

THINGS YOU CAN DO THAT WILL COST MONEY NOW BUT WILL MORE THAN PAY FOR THEMSELVES LATER:

13. Have heating equipment checked, cleaned and adjusted for top efficiency, by a qualified serviceperson.
14. Add insulation in ceiling and walls.
15. Add storm windows and storm doors to your home.
16. Caulk cracks around window and door frames, or any other small openings to the outside.
17. Add a humidifier. Extra humidity brings a feeling of warmth at a lower temperature.
18. Add weather stripping around doors and windows.
19. Insulate heating pipes or ducts where they run through unheated attics or crawl spaces.
20. Modernize old heating system by replacement with newer, more efficient equipment.
21. Add a clock-thermostat to adjust your heat automatically.

SEVEN SPECIAL CONSERVATION PRACTICES FOR USE IN COMMERCIAL AND PUBLIC BUILDINGS:

1. Turn down the temperature in lobbies and other public places.
2. Schedule evening meetings into a single heated zone of larger buildings.
3. Operate ventilation to the outside on a timed schedule instead of continuously.
4. Open blinds and drapes on sunny days.
5. Install automatic door closers.
6. Control heat by zones, and turn down heat to unused areas.
7. Use partitions to isolate areas open to the outside (shipping area with open doors, etc.). ❖

Home Equity Loans

WHAT IS A HOME EQUITY LOAN?

A home equity loan is a type of second mortgage that usually establishes a preapproved line of credit that can be drawn on when needed, sometimes by merely writing a check on the account.

Traditional second mortgages involve borrowing a set loan amount at the start of the contract. This amount is paid back in monthly payments of principal and interest.

The manner in which some home equity loans are paid varies from lender to lender. In some cases the monthly payments on a home equity loan might include a percentage of the principal, plus interest. In other cases, borrowers make interest only payments and a balloon payment of the entire principal is due at the end of the loan.

WHAT ARE “VARIABLE RATES” OR “TEASER RATES”?

While other mortgages may have fixed or maximum interest rates, home equity loans are often offered with rates that may increase or decrease without limit, up to a ceiling of 25 percent. These are called “variable rate” interest loans and may be tied to some economic indicator which fluctuates at the discretion of the federal government. Only the federal government can change these indicators.

The fluctuation can be great at times. For example, for the past few years the prime rate, an economic indicator, was between 8 and 9 percent. However, in 1981 that rate was over 20 percent. These “teaser rates” appear low at the time of loan origination, but before long that rate could be doubled.

Variable rate loans are for experienced borrowers and should only be used after consultation with someone well versed in financial matters. Home equity loans which are offered by Michigan lenders with an initial low interest rate can go up as high as 25 percent during the life of the loan.

WHAT TERMS SHOULD I LOOK FOR WHEN SHOPPING FOR A LOAN?

1. Low Maximum “Cap”—Shop for a lender that offers a low maximum “cap” or limit on the interest rate

that can be charged. Some lenders may offer less favorable terms to noncustomers or customers who do not maintain preferred accounts.

2. “Worst-Case” Monthly Payment—A borrower should ask for a “worst-case” scenario of the monthly payments during the life of the loan. There are some lenders who require a single lump sum or balloon payment for the final payment which may force the borrower to refinance.
3. Service Charges and Other Fees—Borrowers should ask the lender about monthly service charges or transaction fees, and compare these amounts with different lenders. Also ask for estimates of all loan origination fees and closing costs since these can be very expensive.
4. Fixed or Capped Interest Rate—If no satisfactory lender can be found, a borrower would be wise to consider taking out a second mortgage with a fixed or capped rate. The fixed rate on a second mortgage may be higher than the initial home equity loan interest rate, but the borrower will be protected against unforeseen rate increases and balloon payments that might otherwise put the borrower’s home at risk.

WHAT MUST BE INCLUDED IN THE CONTRACT?

The home equity loan contract must clearly spell out all the terms of the loan such as the exact amount to be financed, the finance charge, the annual percentage rate (APR), the total number of payments, the payment schedule, and the total cost of the loan.

WHAT ARE THE TAX DEDUCTIONS FOR A HOME EQUITY LOAN?

The amount of the interest payments on a home equity loan which may be deducted from a tax return depends, in part, on the amount of the mortgage secured through your home, the date on which the loan was made, and the use you are making of the funds obtained through your home equity loan. Check with a tax advisor about potential deductions from your specific loan terms.

Planning your payments

- Consider developing a spending plan for the entire period of the loan.

Home Equity Loans

- If the lender requires the monthly payment to include only the interest on the loan, ask to have the monthly payment schedule set up to include principal payments as well.
- Make sure there is no penalty for prepaying. With prepayment you will reduce the balance owed at the end of the loan, thereby reducing the risk of foreclosure on your home.
- Establish a contingency plan for paying off the loan more rapidly in case interest rates rise substantially.

WHEN CAN I RESCIND, OR MAKE VOID, A SECOND MORTGAGE CONTRACT?

- Under the Federal Truth in Lending Act, homeowners entering into a home equity loan contract have three business days after receiving certain disclosures to rescind the contract.
- In very limited cases, if the disclosures are not properly made, or if notice of the right to rescind is not given, the borrowers can cancel the contract for up to three years.
- At closing, the lender must inform the borrowers of their right to rescind, explain how to exercise the right, and provide a form to be used for this purpose.

WHAT IS THE PROCESS FOR RESCINDING A LOAN CONTRACT?

Borrowers can rescind by sending a simple cancellation notice to the creditor. The creditor must immediately void the lien (the right to take or sell the property) on the debtors' home and cancel all interest charges, fees, and other expenses. ❖

Mortgage Redlining

YOUR RIGHTS AND RESPONSIBILITIES

Michigan's "Anti-Redlining" statutes prohibit lenders of mortgage and home improvement loans from discriminating in their lending practices. The act contains a list of reasons the lender is prohibited from considering your loan application. You may file a complaint or a lawsuit if you think a lender is breaking the law.

WHO DOES THE LAW APPLY TO?

The law applies to banks, savings and loan associations, credit unions and mortgage companies which make or buy mortgage loans subject to the act. The Michigan State Housing Development Authority is also subject to the act.

WHAT KINDS OF LOANS ARE COVERED BY THE LAW?

Home improvement loans and mortgage loans on buildings for four or fewer families are covered under the law. These include single-family homes, duplexes, triplexes and quadruplexes. The law does not include construction loans.

WHAT DOES A MORTGAGE LENDER HAVE TO DO UNDER THE LAW?

1. A lender must post a notice of your rights under the act in a prominent place in each loan office.
2. The lender must have pamphlets explaining what you need to do to get a mortgage or home improvement loan. The law says the pamphlet has to be placed where you can pick up a copy without asking a loan officer.
3. The lender has to apply the same loan policies to all neighborhoods in a metropolitan area. In a rural area, the same policies would apply to all neighborhoods in a county.
4. Most lenders must complete a report on their mortgage and home improvement loans each year. The lender must let you look at the report if you ask.

WHAT SHOULD I LOOK FOR IN APPLYING FOR A MORTGAGE OR HOME IMPROVEMENT LOAN?

You should compare the policies of the institutions that make loans in your area. If you provide your name and address, the lender is supposed to send you a pamphlet which describes the terms and conditions of its mortgage and home improvement loans. When you decide where you would like to apply for a loan, go to the lender's office and explain what you want to do. The law says a lender must let you fill out a loan application. (The only exception is a credit union where you are not a member or eligible to become a member.)

A lender must consider your credit record and the market value of the home, as well as any active community organizations or programs in the neighborhood which might offset the effects of physical decline.

A lender may not turn down your loan application or vary the interest rate or the length of the loan or the required down payment percentage or the application and appraisal procedures for any of the following reasons:

1. The race or ethnic background of people in the neighborhood.
2. The age of the house or of nearby buildings (but the lender may consider their physical condition).
3. The area where the building is located.
4. The physical condition of structures more than 750 feet from the building.

WHAT SHOULD I DO IF MY APPLICATION IS TURNED DOWN OR THE LOAN TERMS ARE CHANGED?

If a lender turns down your loan application, you must be told the reasons why in writing. You have a right to a similar notice if the lender changes the terms of the loan you requested and you do not accept the new terms of the loan. If you think the reasons given were improper or the application was handled unfairly, you may do several things.

1. You may ask for copies of the forms, reports, and letters the lender used to reach the decision on

Mortgage Redlining

your loan. If you paid an appraisal fee or the appraisal was the reason your loan was denied, you may ask for a copy of the appraisal report. The lender must provide these copies (except a credit report). If you ask for the documents within one month after your loan is turned down, the lender has two business days to put the materials in the mail. If you wait more than one month, the lender must send the materials within 10 business days. If you find incorrect information in the documents, you should get in touch with your lender. Some misunderstandings can be settled at this point.

2. If you still are not satisfied, you may want the loan reviewed by your local mortgage review board. Ask the lender if there is one in your area. This action could help you to get your loan through the same lender or another institution in the area.
3. The law also says that you may file a complaint with the Financial Institutions Bureau, Michigan Department of Consumer and Industry Services, if you feel a lender has not complied with the anti-redlining law. The lender has complaint forms. You may not file a complaint about a violation of the act that happened before the law took effect. Also, you may not file a complaint more than two years after

the violation took place. The Financial Institutions Bureau must begin an investigation within 15 days after it receives your complaint. You must be notified of the progress of the case within 30 days, and the investigation must be finished within 60 days, unless a hearing is held. If there is a hearing, a final report must be made within 90 days. A lender who violates the law may be fined as much as \$10,000.00.

4. You also have the choice to file an action in circuit court for damages or to seek an injunction for a violation of the law. You will not be entitled to damages unless your written loan application has been denied or the terms were varied by the lender.

If you have questions about this law you should contact:

**Financial Institutions Bureau
Michigan Department of Consumer
and Industry Services
Grand View Plaza, 5th Floor
P.O. Box 30224
Lansing, MI 48909
(517) 373-3460 ♦**

AUTOMOBILE INSURANCE/REPAIR

Guide To No-Fault Insurance in Michigan

INSURANCE YOU MUST HAVE TO DRIVE—NO-FAULT INSURANCE

No-fault insurance is required by law in Michigan. Every owner of a car must buy certain basic coverages in order to get license plates. Also, it is against the law to drive or let your car be driven without no-fault insurance.

If you have an automobile accident, no-fault insurance pays for your medical costs and the damage you do to other people's property. It does not matter who caused the accident.

Your basic no-fault insurance does NOT pay for repairs to your car. Neither does another driver's no-fault policy pay for damage done to your car unless your car was properly parked when it was hit. Except for that one situation, you must buy collision and comprehensive insurance if you want insurance that will pay for damage to your car. (Collision and comprehensive insurance are not required by law.)

This section will explain more fully what your required no-fault policy covers. It will also tell you about some of the extra insurance that you can buy if you want to. Finally, it will give you some tips on how to buy insurance.

This booklet gives only a summary of no-fault insurance. Some of the details have been left out. For more information, read your policy, talk to your agent, or call the Insurance Bureau number (517) 373-0220.

WHAT THE LAW REQUIRES

It is a law in Michigan that every car has to be insured. Nobody can legally drive without the required coverages described in this chapter.

It is a misdemeanor not to carry no-fault coverage. If you are convicted of driving without it, you may also be fined from \$200 to \$500, and be required to buy a six-month prepaid, noncancellable policy, or be put in jail for up to one year, or both.

In addition, if you are unable to produce proof of insurance when requested to do so by a law

enforcement official, you are guilty of a civil infraction and the court may order your license suspended for 30 days or until you are able to provide such proof.

AUTO INSURANCE ELIGIBILITY

The law states that you are eligible for auto insurance if you have a car registered in Michigan or have a valid (not suspended or revoked) Michigan driver's license. You must also have a fairly good driving record. There are reasons a company may refuse to insure you. Your agent or company will explain these reasons to you. Being eligible for auto insurance means you can shop around for the best buy for your money. Keep in mind that the cheapest insurance is not necessarily the best. Other factors such as the reputation of the agent, coverages and quality of claims service are important considerations.

Those who are not eligible under the law may also buy auto insurance. It will probably cost more, however, so it's still important to shop around.

NO-FAULT PAYS FOR THREE THINGS:

1. If You Are Hurt in an Accident: Personal Injury Protection

In this case, no-fault pays:

- All reasonable and necessary medical and rehabilitation costs.
- 85% of the money that you would have earned, up to a certain maximum amount per month, for no more than 3 years, based on the last month worked. For accidents occurring on and after October 1, 1998, the maximum is \$3,688.
- Up to \$20 a day if you have to hire someone else for services you would normally do for yourself.

If you are killed in a car accident, no-fault pays survivor's benefits, which is income which you would have provided to your family. These benefits are limited to a maximum amount per month for no more than 3 years.

No-Fault Insurance in Michigan

Your policy will pay these benefits no matter where in the United States or Canada the accident takes place. However, your policy will not pay benefits if you are the owner or registrant of an uninsured motor vehicle that was involved in the accident. Therefore, it is important that you have insurance coverage on all vehicles that you may own.

If you are a family person, no-fault also covers relatives in your household who do not have their own no-fault policy. Personal Injury Protection benefits can be paid by your policy even if family members are passengers in another person's car or pedestrians when they are hurt.

2. If You Damage Someone Else's Property: Property Protection

No-fault will pay up to \$1 million for damages your car does in Michigan to:

- Other people's tangible property such as buildings, trees, road signs, etc.
- Other people's vehicles, but **ONLY IF THE VEHICLES WERE PROPERLY PARKED.**

3. If You Are Sued: Residual Liability Insurance

Before the Michigan no-fault law was passed, a person who caused an accident could be sued in court by the person who was hurt or whose property was damaged. Since the no-fault law was passed, there are fewer lawsuits. That is because if an accident occurs:

- Each driver's medical expenses are paid by his or her own insurance company under Personal Injury Protection, no matter who caused the accident, and
- The damage a car does to other people's tangible property is paid under Property Protection.

Under no-fault there are still a few situations when you can be sued. They are described later in this section. If you are sued in court and lose the court case, your Residual Liability Insurance will pay up to certain amounts.

Residual Liability Insurance has two parts:

- Property damage.
- Bodily injury.

RESIDUAL LIABILITY—PROPERTY DAMAGE

The Property Protection part of your policy pays only for damage done in Michigan. If your vehicle does damage to property in another state, you will be subject to the laws of that state. In most other states you can be sued in court and made to pay damages.

If you are sued for damage your vehicle has done in another state, no-fault will pay:

- Damages awarded by the court up to \$10,000 per accident (or more, if you purchased higher limits on your policy).
- The costs of defending you against court suits.

You should also be aware that you can also be sued for up to \$500 in damages to another person's car which are not covered by his or her insurance. This part of the law is known as "mini-tort," and is discussed in detail later in this section. Your residual liability insurance does not automatically protect you against this type of lawsuit.

RESIDUAL LIABILITY—BODILY INJURY

In Michigan you can be sued in court for injuries that you cause to other people only under certain conditions. According to the no-fault law, you can be sued for noneconomic damages for causing an accident where someone is killed, suffers permanent serious disfigurement, or when someone suffers serious impairment of a body function.

If you injure someone in another state, you are under the laws of that state and in many instances you can be sued in court and made to pay damages.

In these situations where you can be sued, your no-fault policy will pay:

- Damages awarded by the court up to \$20,000 per person and \$40,000 per accident (or more, if you purchase higher limits on your policy) for injuries you cause to another person.
- The costs of defending you against court suits.

NO-FAULT DOES NOT PAY FOR:

- Repairs to your vehicle after an accident, no matter whose fault it was.

- Repairs to another person's vehicle after an accident, no matter whose fault it was, unless the vehicle was properly parked.
- Costs for replacement of your vehicle if it is stolen.
- "Mini-tort" protection.

WHAT HAPPENS IF YOU DRIVE WITHOUT NO-FAULT INSURANCE AND HAVE AN ACCIDENT

If you own a car and you drive it without no-fault insurance and you are in an accident:

- You can be sued for all you are worth.
- You will also have to pay a lawyer and court costs.
- If you are hurt in an accident involving a vehicle you own but is not insured, you would not be paid for any medical expenses, major wage loss, or loss of services, or any other no-fault benefits.
- AND if you are convicted of driving your car, allowing someone else to drive your car, or if you drive another person's car which you know does not have no-fault coverage, you may be required to pay a fine of \$200-\$500 and be required to buy a six-month prepaid, noncancellable policy, or be put in jail for up to one year, or both.

Play it safe, and don't drive without it. Be sure to keep a certificate of insurance in your car which shows you do have no-fault coverage. It is a civil infraction if you do not have proof of insurance when driving, and the court may order your license suspended for 30 days or until you are able to produce such proof. You will also need proof of coverage to get license plates for your car.

YOUR CHOICE: EXTRA INSURANCE YOU MAY WANT TO BUY

There are several types of auto insurance that you can choose to buy, in addition to the required no-fault insurance. Three of the most common types of extra insurance are described in this booklet.

1. Uninsured Motorist Insurance

Uninsured Motorist Coverage is an optional coverage that may be available to you from your insurance company. If you are seriously injured in an

accident (killed, suffer a continuous impairment of body function or serious disfigurement) and the other driver cannot pay pain and suffering damages owed to you, your Uninsured Motorist Coverage pays the damages to you. Uninsured Motorist Coverage compensates you for pain and suffering only and excess wage loss, if any, beyond the amounts paid under the required no-fault coverages. If you are killed, the compensation is paid to your survivors.

2. Residual Liability Insurance—Increased Limits

You may be sued because of an accident, as was discussed in the section on Residual Liability Insurance. If this happens, your no-fault policy will pay up to the amounts shown in the Residual Liability section: up to \$20,000 for each person and \$40,000 for each accident in which people are hurt or killed and up to \$10,000 for property damage. However, courts sometimes decide that you must pay more than these amounts. If this happens, you would be responsible for paying the amount not covered by your insurance policy. To protect themselves, many people buy extra liability insurance. For example, some people buy liability insurance which would pay up to \$50,000 for each person and \$100,000 for each accident in which people are hurt or killed and up to \$25,000 for property damage. Others buy liability insurance which would pay up to \$100,000 for each person and \$300,000 for each accident in which people are hurt or killed and up to \$50,000 for property damage. Other combinations of coverage are available. It may not cost a lot of extra money to buy these extra amounts.

3. Insurance for Damage to Your Car—Collision and Comprehensive Coverage

If your properly parked car is hit by another car, the other driver's insurance will pay for repairs. But otherwise, the only kinds of automobile insurance that will pay for repairs to your car if it is damaged in an accident in Michigan are COLLISION and COMPREHENSIVE insurance.

You should be aware that collision and comprehensive insurance are not included in a no-fault policy. You must tell your agent you want them. Your agent will offer you certain types of collision coverage, and will explain each type to you. If your car is financed, the company that loans you the money may say that you must buy collision and comprehensive insurance.

No-Fault Insurance in Michigan

A. Collision Insurance

When you buy car insurance, the law requires that you be offered at least two types of collision insurance:

1. **Limited Collision Without a Deductible.**

If you are 50% or less at fault in an accident, this type of collision insurance will pay to repair your car. If you are more than 50% at fault, you will receive no benefits.

2. **Broad Form Collision.**

This type of collision insurance will pay to repair your car regardless of fault. However, if you are more than 50% at fault you must pay a deductible. If you are 50% or less at fault, you pay nothing.

In addition to the above two types, many companies offer other choices in collision insurance. These include:

- **Limited Collision with a Deductible.**

If you are 50% or less at fault, this type will pay to repair your car, except you must pay a deductible. If you are more than 50% at fault, you will receive no benefits.

- **Regular Collision.**

Regular collision will pay regardless of fault, except you must always pay a deductible.

When you buy your insurance, the company or agent must give you a clear written explanation of the types of collision insurance available to you.

B. Comprehensive Insurance

Comprehensive insurance pays if your car is accidentally damaged other than in a collision, such as loss caused by theft, falling objects, fire, flood, and vandalism. Many companies require a deductible on this type of insurance. The higher the deductible, the lower the cost of your policy.

C. Limited Property Damage Liability Insurance (Mini-tort)

Under Michigan law, if you are more than 50% at fault in an accident, you can be sued for up to \$500 in damages to another person's car which is not covered by insurance. Most companies offer coverage for this liability. Some have included this in policies with NO extra charge, while others charge a small premium for the coverage.

WHY YOUR INSURANCE COSTS WHAT IT DOES

Your insurance rate depends on many things. You may wish to make certain the rating information required to be provided to you by your insurance company is accurate.

- **Your Driving Record and Insurance History—**

Under Michigan law an insurance company must accept an applicant at regular rates unless he/she fails to meet specific eligibility requirements. Some factors affecting eligibility are traffic and drunk driving convictions, as well as substantially-at-fault (more than 50%) accidents. The more tickets and accidents you have, the higher your rates may be. Nondriving matters such as cancellation for nonpayment of your auto premium may also affect your eligibility.

- **Your Age, or Length of Driving Experience—**

While companies are no longer allowed to rate a driver on sex or marital status, age or length of driving experience still affects the cost of auto insurance. Young drivers will pay more than those considered to be adults. Different companies set different ages at which they are considered adults—a 23-year-old may be an adult with one company and be a youthful driver with another company.

- **Where You Live—**How much a company charges is based upon the area in which you live. The insurance companies have found that more accidents are likely to occur in some parts of the states than others, and it costs more to settle claims in some places.

- **Income—**Because no-fault insurance pays for wages lost due to an automobile accident, some companies charge less if a person's income is below a certain amount.

- **Vehicle Use—**Different people use their cars for different purposes. Some people drive to work, and others drive only for pleasure. The less you drive, the less you may be charged for insurance.

- **The Kind of Car—**Expensive cars cost more to repair or replace, and so collision and comprehensive insurance cost more. Also, some companies have an extra charge for sports cars or high-performance models.

WHAT YOU CAN DO TO LOWER YOUR INSURANCE RATES

1. Keep Your Driving Record Clean

Don't get tickets or cause accidents. Tickets or substantially-at-fault accidents on your driving record can drive your insurance cost way up. Remember, your insurance company will probably get a copy of your motor vehicle record from the Secretary of State when you apply for a policy and sometimes when you renew your policy.

2. Decide Whether You Really Need Collision Insurance

If you have an older car, or one in very poor shape, you may not want to pay the price for collision coverage. Call a bank or finance company to find out the price you would get for your car on a straight sale. Take this price and subtract what you would have to pay (the deductible) if you had a loss. Then subtract the cost of the insurance for one year. The amount you come up with is the most you would actually net if your car were totaled.

Here's an example:

- Value of your car \$ 1,000
- The deductible you must pay \$ 100
- The most you can collect from the insurance company for a collision loss \$ 900
- But remember, you already paid for your collision coverage for 1 year \$ 200

In this example, the most you would net for a collision loss **is \$700**; then you would have to decide whether it is worth paying the **\$200** premium when you could net **\$700** at the most.

3. Consider Choosing a Deductible or a Higher Deductible on Your Collision or Comprehensive Coverage

If you do need insurance protection on your car, you can buy collision coverage with a deductible of \$100, \$250, or sometimes more. You can buy comprehensive coverage without a deductible or with a deductible of \$50, \$100, or \$250, or more. The higher the deductible, the less the insurance coverage will cost.

4. Coordinate Any Health or Accident Benefits With Your Auto Policy

The no-fault law requires insurance companies to offer a discount on their no-fault insurance if you "coordinate" your other health insurance or sickness-accident benefits with your no-fault policy. To coordinate your sickness or accident benefits with no-fault means that if you have an automobile accident, your no-fault policy pays you only for that part of your lost wages and medical expenses not paid by your employer or your sickness-accident insurance policy. Because your auto insurer pays less in claims, your insurance cost is lower.

5. Shop Around

Call several agents to check out prices. You may save money that way.

If you are a good driver, each agent is required by law to quote you the lowest rate available to you from the companies he or she represents. Different agents represent different companies. That makes it important to call several agents to get the best price possible.

Also, if you can only get insurance from a high-risk company which charges high rates, check what the rate would be from the Michigan Automobile Insurance Placement Facility (assigned risk pool). The facility must accept all applicants, and may cost less than some of the high-risk companies.

WHAT YOU CAN DO IF YOU HAVE AN INSURANCE QUESTION OR PROBLEM

If you have a question or problem about your insurance, contact your insurance agent or company representative, or write the Consumer Assistance Division at the Insurance Bureau:

**Michigan Department of Consumer and
Industry Services
Insurance Bureau
Consumer Assistance Division
P.O. Box 30220
Lansing, Michigan 48909
Phone: (517) 373-0220**

No-Fault Insurance in Michigan

If your car is damaged in an accident and you have this kind of collision insurance	NATURE OF ACCIDENT	
	You are MORE THAN 50% at fault (you hit a tree, a person, another car, etc.)	You are 50% OR LESS at fault (you are rear-ended, sideswiped, etc.)
Limited Collision	You receive no collision benefits.	Your insurance pays. or Your insurance pays, except the deductible that you have chosen.*
Standard Collision	Your insurance pays, except the deductible that you have chosen.	Your insurance pays, except the deductible that you have chosen.
Broad Form Collision	Your insurance pays, except the deductible that you have chosen.	Your insurance pays.

* The law requires insurance companies to offer a limited form of collision coverage which does not require payment of a deductible. However, companies can also offer limited collision coverage with a deductible which would result in lower premium payments. ❖

Auto Repair Rights and the Auto Lemon Law

WHAT YOU SHOULD KNOW BEFORE HAVING A CAR REPAIRED

The Motor Vehicle and Service Repair Act requires that most facilities performing auto repair work be registered with the Michigan Department of State. Each repair facility is now required by law:

- To give an itemized written estimate of cost before repairs valued at \$20 or more are performed (or, upon request, for repairs under \$20).
- To inform you so that you know about and approve (or refuse) any work done beyond the estimate.
- To give you a detailed invoice describing all repairs done.
- To have all repairs done by a Michigan-certified mechanic.
- To return all of the old parts which were replaced in the repair job.

AUTO REPAIR TIPS

These tips may help you avoid problems or unnecessary expense when your car needs repairs.

- Don't try to diagnose your vehicle's problem unless you are qualified.
- When looking for a reputable repair shop, ask your friends or co-workers for recommendations.
- Shop around before agreeing to expensive repairs.
- BEFORE you leave a vehicle for repairs, get a written estimate for repairing the car, including teardown and reassembly.
- If a garage tries to pressure you into repairs that you feel are not necessary, insist on a written reason why the repair is needed.
- Ask the repair shop if it guarantees its work (labor, parts or both). If so, all terms of the guarantee must be in writing.
- If you are asked to sign a document, take a copy of it at the time of signing. Never sign a blank document.
- Leave a telephone number where you can be reached.

- If a repair shop gives you a hassle or won't return your car immediately when you refuse their recommended service, call the Bureau of Automotive Regulation.

WHEN YOU HAVE A COMPLAINT

The first step: Talk with the manager

When you have a problem, talk to the owner or business manager about it right away. It is always best to resolve a complaint directly with the business involved. When you bring a problem to the manager's attention, you may be able to work out a settlement. Keep these five points in mind when you talk to the business owner or manager:

1. Be courteous and calm.
2. Explain the problem accurately. Provide dates, estimated or billed amounts, and as many other facts as you can.
3. State what you think is a fair settlement or correction.
4. State whether you are willing to negotiate; in many disputes neither side is 100 percent correct.
5. If you cannot get a satisfactory settlement, contact the Bureau of Automotive Regulation.

AUTOMOTIVE REGULATION

You may wish to tell the business that you will file a complaint with the state. The second step: contact the state if you believe your legal rights have been denied; you were charged for repairs that were not done; or you were told that you needed repairs which you later found out were not needed (even if you didn't have the repairs done) you should contact the Bureau of Automotive Regulation. If you have already talked to the owner or manager and have not reached a satisfactory settlement, the bureau may be able to assist you.

The Bureau of Automotive Regulation was established to license and regulate motor vehicle repair shops and auto exhaust testing stations; to inform consumers of their automotive repair rights; and to investigate complaints.

Auto Repair Rights and the Lemon Law

**Michigan Department of State
Bureau of Automotive Regulation
P.O. Box 30046
Lansing, MI 48909-7546
Toll-Free: 1-800-292-4204**

Explain the problem as completely as possible. It is important to keep copies of written estimates, bills or invoices, warranties, and any other related documents to substantiate your claim. If your complaint is within their authority, the Bureau of Automotive Regulation will investigate. They will contact you by phone, if possible. Please be patient. It may take several weeks to get to your complaint.

Be aware that there are some areas in which the bureau has no power to investigate or mediate. If they are unable to assist with your complaint, you will be informed. Another state agency that may be able to assist you is the Attorney General's Consumer Protection Division. If you believe your rights have been violated and you have tried unsuccessfully to resolve your differences directly with the merchant, the Consumer Protection Division might intervene on your behalf:

**Office of the Attorney General
Consumer Protection Division
P.O. Box 30213
Lansing, Michigan 48909
(517) 373-1140**

As noted here, the consumer protection unit of the county prosecutor's office is empowered to take action. The Michigan Consumer Protection Act prohibits various unfair and deceptive trade practices and gives local prosecutors the power to enforce the law. Under the act, the following unfair practices are prohibited:

- Representation that a part, replacement or repair service is needed when in fact, it is not.
- Entering into a consumer transaction in which the consumer waives or purports to waive a right or benefit provided by law, unless the waiver is clearly stated and the consumer has specifically consented to it.
- Gross discrepancies between the oral representations of the seller and a written agreement covering the same transaction.
- Taking advantage of the consumer's inability to reasonably protect his or her interests by reason of disability, illiteracy, or inability to understand the

language of an agreement (if the other party knows of the consumer's inability).

- Failing to reveal a material fact, the omission of which tends to mislead or deceive the consumer, and which fact could not reasonably be known by the consumer.
- Representing that goods are new if they are deteriorated, altered, reconditioned, used or secondhand.

OTHER SOURCES FOR ANSWERS TO AUTO-RELATED QUESTIONS

Auto design and equipment

National Highway Traffic
Safety Administration
Washington, D.C. 20590
Auto Safety Toll-Free
Telephone: 1-800-424-9393

Driver license

Contact your local Secretary of State branch registration office (listed under Michigan State Government in your telephone book).

Auto insurance coverage problems

Michigan Insurance Bureau
Consumers Assistance Division
P.O. Box 30220
Lansing, MI 48909-7518
Telephone: (517) 373-0240

New car warranties, questions on warranty coverage

If your dealer cannot help, contact the manufacturer's regional claims office. (See owner's manual or ask dealer.) Better Business Bureaus are also equipped to handle some warranty complaints.

AUTO LEMON LAW

Since the automobile is one of the largest investments made by most consumers, it is not surprising that automobile problems constitute the largest single category of consumer complaints, and are the most difficult to resolve. Because an automobile involves such a large sum of money, and generally a long period of debt, it is very important that consumers get their money's worth when buying an automobile.

This information is designed to help you be aware of your rights as an auto buyer and to cite the legal remedies available if the auto does not meet your expectations for an automobile “free of defects.”

Michigan’s “Auto Lemon Law” (P.A. 87 of 1986) provides legal remedies to any consumer who purchases a car for personal, family, or household use and whose vehicle is determined to have a substantial defect that impairs its use or value or prevents the vehicle from conforming to the manufacturer’s express warranty.

WHAT VEHICLES ARE COVERED?

- The law applies to all new passenger vehicles, pick-up trucks, and vans. It does not apply to motor homes, buses, trucks, motorcycles, or vehicles designed to travel on fewer than four wheels.
- “New motor vehicle” means a motor vehicle that is purchased or leased in this state or purchased or leased by a resident of this state and is covered by a manufacturer’s express warranty at the time of purchase or lease.

WHEN DOES THE AUTO LEMON LAW APPLY?

- The dealer or manufacturer has tried four or more times to repair the same defect or condition and it continues to exist and substantially impairs the use or value of the vehicle.
- The first repair must have been performed by the dealer within one year after delivery or before the manufacturer’s warranty expires, whichever is earlier.
- The law also applies if the vehicle has been in for repairs for a total of 30 or more days during the manufacturer’s warranty period, or within one year from the date of delivery, whichever is earlier.

HOW DO I INITIATE A COMPLAINT UNDER THE RULES OF THE LEMON LAW?

- The manufacturer, not the dealership, is legally responsible for repairing the vehicle while it’s under warranty, so you must write the manufacturer’s customer service office about the problem.

- In your letter include a list of the defects and an explanation of what has been done to attempt to fix them.
- A meeting with the zone representative at the dealership would then be arranged to discuss the problem and examine the car.
- Keep copies of all correspondence with the manufacturer and the dealer. Include all work orders, claim checks and receipts with the dates the work was performed and the mileage at the time of repair.
- The lemon law requires you to notify the manufacturer in writing, by return receipt mail, under these conditions:
 1. after at least the third repair of the same major defect;
 2. after the car has been out of service for repairs for at least 25 days during the warranty period; OR
 3. within one year from the date of delivery, whichever is earlier.

WHAT MUST THE MANUFACTURER DO WHEN I COMPLAIN?

- The manufacturer should notify you within a reasonable amount of time of a convenient repair facility where you should take the vehicle.
- The manufacturer then has five days after the vehicle is brought to the repair facility to repair the defect.

UNDER WHAT CONDITIONS CAN I GET A NEW CAR OR A REFUND?

- If the situation remains unresolved after taking the above steps, you can request a comparable model as a replacement for the defective vehicle or you can request a refund of the full purchase price. If a refund is chosen, the manufacturer may deduct up to \$.10 per mile for the use of the car before its first repair, as long as the deduction does not exceed 10 percent of the purchase price. Also deductible by the manufacturer from the refund is the cost of any appraised damage to the vehicle not attributable to normal use or the defect or conditions at issue.
- If the manufacturer participates in an arbitration program which meets federal standards, you must

Auto Repair Rights and the Lemon Law

try to arbitrate the dispute. The manufacturer will tell you whether or not it participates in an arbitration program. Some manufacturers have developed other avenues to conform with the law.

- If you are not satisfied with the decision reached in arbitration, you may wish to consult an attorney for possible court action. Court costs and attorneys fees may be awarded.

CAUTION: THE LEMON LAW DOES NOT APPLY IN ALL CASES

- The Auto Lemon Law does not protect you from having the car repossessed if payments are withheld.
- The Auto Lemon Law does not apply to leased vehicles.
- The Auto Lemon Law applies ONLY to cases brought to court. The arbitration process provides you with alternatives other than the replacement or refund of the purchase price.
- Arbitration often offers you advantages over filing formal court charges under the Auto Lemon Law. Arbitration is low in cost; quick; offers you the option to repair, not just receive a replacement or refund; and is more informal than court procedures. If you are dissatisfied with the arbitration ruling, you can pursue the matter under the Auto Lemon Law. However, under arbitration the manufacturer must abide with the final decision. ❖

Buying a Car

When buying a car, it's natural to look for an attractive, durable vehicle. You should also consider financing, warranty, and the other factors that add up to a "good buy" on a car.

This chapter describes what's involved when buying from a Michigan automobile dealer including the purchase, financing, insurance, titling and registration of a car.

Michigan's Department of State wants you to know your rights when buying a new or used car. The department's Bureau of Automotive Regulation was established by law in 1974 to license and regulate automobile dealers and repair shops, to inform consumers of their rights, and to investigate related complaints.

SELECTING A VEHICLE

When you select a new vehicle, read its warranty thoroughly. If you choose a used car, read the warranty and consider having the car checked by an independent mechanic before you buy.

If you wish to check the dealer's complaint record, write the Bureau of Automotive Regulation, Dealer Division.

WARRANTY

Get a clear understanding and a written copy of the dealer's warranty for your chosen vehicle. Don't assume that it has a warranty. In fact, most used vehicles are not warranted for any period of time.

Federal rules require dealers to display a "Buyer's Guide" sticker indicated warranty coverage in the driver side window of each used car. If the vehicle is warranted, the sticker must state the terms.

New cars normally carry warranty coverage from the manufacturer. Extended service contracts on new or used cars may be sold separately.

When reading a warranty, ask these questions:

- How long is the warranty valid?
- What is and is not covered?
- What costs will you pay if there is a problem?
- How will you get service?

Never accept a verbal warranty. Any vehicle sold "As Is" carries no warranty. You must pay for any repairs needed on a nonwarranted vehicle.

FINANCING A NEW OR USED VEHICLE

If you finance a new or used vehicle, shop around for the best interest rate. Financing may be available from the dealership, your bank or credit union, or other lending institutions. Consider not only the payment amount, but how many months it will take to repay the loan, before making your decision.

THE LEASING ALTERNATIVE

Leasing a vehicle has become a popular alternative for people who may not have a large down payment or do not wish to own a car.

The monthly lease payment may be comparable to a car loan payment, but be aware that most leases do not result in ownership.

BEFORE YOU SIGN A PURCHASE AGREEMENT

Make sure you receive a copy of the purchase agreement from the dealer before you pay for anything. Look it over carefully and make sure you understand everything before signing it.

Get all promises and other terms in writing. Don't rely on verbal representations. Purchase agreements should contain the following information :

- The same purchase price quoted by the salesperson.
- All extra options and accessories you want to buy;
- The dealer's policy on refunding deposits.

Never sign a blank purchase agreement. When you are satisfied that the document is understandable and contains the items above, sign it.

Your signature may be binding and may authorize the dealer to keep your deposit if you change your mind. Always read a purchase agreement completely and take a copy of it (and any other document) when you sign it.

Other costs

Be aware that for any vehicle more is involved than the price on the window sticker.

Buying a Car

The dealer is required to charge you 6 percent Michigan sales tax on a new car or 6 percent use tax on a previously owned vehicle. The dealer is also required to apply for the vehicle's title and make arrangements for license plates, if appropriate.

Any dealer-installed accessories or services you have ordered, such as rustproofing or paint protectant, may also be added to the price.

COMPLETING THE SALE

Before accepting delivery of the vehicle, check to make sure all promised equipment has been included. Test drive the vehicle to be sure it is working properly. The dealer is required by law to give you a copy of every document you sign at the time of signing.

Make sure you have the following:

- Copy of RD-108, Application for Title;
- Copy of written warranty on vehicle or any services purchased (such as rustproofing or extended service contract);
- If a used car, a copy of the "Buyer's Guide" window sticker;
- A new license plate and registration, or your old plate and a temporary or permanent registration, or a 15-day temporary registration affixed to the rear window;
- Copy of the finance contract.

If you are purchasing a used vehicle, the dealer must show you the previous owner's title. If the front of the title shows the word "rebuilt", the vehicle was previously issued a salvage title. The dealer must disclose the odometer mileage reading in writing.

After processing, you should receive a second copy of your Application for Title and Statement of Vehicle Sale (RD-108) in the mail within 20 days of the sale. You should receive an original title in about 30 days. Do not store the title in your vehicle.

AFTER THE SALE

Maintain your vehicle regularly according to the owner's manual to prolong the life of your car.

If repairs are needed, read the chapters "Auto Repair Rights" and "Consumer's Guide to Automatic Transmission Repairs" to learn your rights and what to expect from a competent repair shop.

BUYING A USED CAR

To buy . . . or not to buy?

Before you start looking at used cars, look at your budget first. Evaluate how much you can afford to spend not just on the car, but on such other essentials as:

- credit and finance charges;
- gasoline;
- regular maintenance;
- insurance;
- registration, license fees and sales and use taxes.

1. Credit and Finance Charges: If you plan to buy a used car on credit, shop around for the best interest rate BEFORE you decide upon a car. Interest rates and finance charges vary widely among car dealers, banks, credit unions and other lending institutions. Remember to also note the length of the payback period. Although a longer payback period may mean lower monthly payments, the longer the payback time, the more interest you'll end up paying.

2. Gasoline: If you plan to buy a car built before 1975, it will probably run on leaded gasoline. The Environmental Protection Agency has ordered the reduction of the amount of lead in leaded gasoline. As a result, some of these cars may develop engine problems.

Most newer cars operate only on unleaded fuel. Certain larger-engine and high-performance cars operate best on premium unleaded gasoline, which costs more.

A third fuel that is used by some cars and trucks is diesel fuel.

Although diesel engines are often more fuel efficient than gasoline-powered models, a few older diesel models have developed serious engine problems.

3. Regular Maintenance: How long do you intend to keep the car and how often do you plan to use it? If you plan to use the car only occasionally, a used car with a higher-than-normal odometer reading may be a good buy.

Study the recommendation and repair records reported in independent consumer magazines and other publications before making out your maintenance budget for routine oil changes, engine tune-ups and other similar items.

- 4. Insurance:** No-fault car insurance is required by the State of Michigan in order to operate a car on Michigan roads. This insurance pays only for damage your car does to other's property and cars. It does not pay for damage to your car or your medical expenses. For your car's damages, you must buy collision insurance which will pay for repairs above a certain amount, called a deductible.

YOU MUST PURCHASE NO-FAULT INSURANCE.
IF YOU DRIVE WITHOUT NO-FAULT COVERAGE
YOU MAY BE FINED OR LOSE YOUR LICENSE.

- 5. Tires:** Replacing old or worn tires can be expensive. For used cars, the condition of the tires can give you a good idea of how well the car has been maintained. Visible tire damage may indicate damage to the suspension system as well. Tire sizes and type (radial or regular bias) should match and be evenly worn.
- 6. Registration, License Fees, and Sales and Use Taxes:** To transfer a license plate from another car at the time of the purchase of a privately sold car, bring your registration to a branch office of the Secretary of State. If new license plates are needed, the model year may affect the cost of the plates. In Michigan, beginning with 1984 models, the fees are based on the car's value. The cost of plates for cars made before 1984 is based on the car's weight. Your local Secretary of State's branch office can give you more information. You will also have to pay 6 percent of the car's price as either sales tax or use tax. You pay this amount in sales tax if you bought the car from a dealer or in use tax to the Secretary of State's branch office if you purchased the car from an individual who is not a member of your immediate family.

WHERE TO BUY A USED CAR

- 1. New car dealers** usually have many late-model cars, service facilities and established reputations. You may pay more for these "benefits." New car dealers must be licensed by the State of Michigan.
- 2. Independent used car dealers** offer competitive prices and are willing to accept trade-ins. Some of their used car models may be older and thus less expensive. You should ask if the dealer has service facilities available. Used car dealers must also be licensed by the state of Michigan.
- 3. Private sellers** usually offer lower prices than dealers and are more willing to bargain. You should note, however, that many will accept only cash.
- 4. Curbstoners** locally advertise cars for sale as if they were ordinary citizens. In fact, they are full-time sellers with no permanent address. They are unlicensed and unregulated. These individuals usually handle a number of cars at once and are often one step ahead of the law. If you buy from a curbstoner and then encounter problems with the car, you may be unable to find this person again in order to resolve your complaint. **DON'T BUY FROM CURBSTONERS!**

WARRANTIES AND SERVICE CONTRACTS

- 1. The warranty** is one of the first things you should ask about when buying a used car. If there is a warranty, ask which parts are covered, and which aren't. Although dealers aren't required to provide a warranty on all used cars, the Federal Trade Commission (FTC) does require that a sticker be placed on the car's window listing the length of any warranty and which parts are covered. If you're not satisfied with the warranty, ask for more coverage.

Dealers are sometimes willing to give more coverage in order to make a sale. Remember, always get all promises in writing before you sign any purchase agreement.

Be wary of any "50/50" or similar restricted warranties that require you to pay part of the costs of repairs.

Unscrupulous dealers will inflate the costs of repairs so that they won't lose any money on the warranty. Some cars are sold "as is," meaning there is no warranty or guarantee and no seller responsibility or liability if something goes wrong. If the car falls apart right after you buy it, the seller may have no responsibility to repair it. **ASK FOR A WARRANTY WHENEVER POSSIBLE.**

- 2. A service contract** is an additional charge paid by the consumer to cover the costs of repairs. It is often for a specific period of time and covers only specific types of repairs. Depending upon the year and condition of the car, you may decide not to buy this sometimes costly service. Before you buy a service contract find out:

Buying a Car

- How long does the contract last?
- What exactly is covered?
- Where can you get service (will other dealers honor the contract)?
- What happens to your contract if the dealer goes out of business?
- Can you renew or transfer the contract?
- Do you have to buy the service contract at the same time that you buy the car?

Remember to get all promises in writing! Have those promises signed by the manager of the dealership as the salesperson may not be authorized.

IS THE MILEAGE YOU SEE THE ACTUAL MILEAGE?

Each car has a gauge called an odometer that counts how many miles a car has been driven. Michigan and federal laws prohibit the rolling-back of this odometer to make a car more “salesworthy.”

To protect yourself from problems:

1. Ask to see the car’s odometer statement. It should be close to the car’s current mileage. Look for ink blots, erasure marks and typeovers. If these are on the statement, the odometer reading has been changed.
2. Check the title for the previous owner’s name and address. Accept no excuses if the seller doesn’t have it. Be suspicious if the title is not the original, has been transferred from out-of-state, marked “duplicate” or is for a former leased car. These cars are more likely to have had their actual mileage changed.
3. Contact the previous owner if you can to verify the mileage. If the dealer cannot provide you with a title so you can obtain the former owner’s name and address, shop elsewhere.
4. NEVER purchase a car before the seller gives you a completed odometer statement. If the dealer won’t give you this information, don’t buy.
5. Cars that are titled as “salvage,” “rebuilt,” “municipal,” “taxi,” “police,” or “driver’s ed” are generally worthless.
6. Check the car’s oil change stickers, service records or warranty books that may reflect mileage. Be suspicious if the car shows low mileage and if the tires, brake pedal and other items appear to have been recently replaced or show hard wear.
7. Look for scratches on the odometer or numbers that don’t line up on the gauge. An odometer with misaligned digits, or a loose fit, may have been tampered with.

WHEN TO BUY

Winter is often a good time to buy a used car because new car dealers often have plenty of trade-ins. Many used car dealers find that the cold months of the year bring a slow-down in business due to bad weather. NEVER buy a used car at night or in the rain. Darkness and rain can hide many critical problems in a car.

BUYING YOUR USED CAR

You can get a good idea of what a used car is worth by using the National Auto Dealers Association (NADA) Official Used Car Guide (usually called the “Blue Book”). Your bank or credit union may quote you a “Blue Book” price over the telephone. This book is also available at your local library. If the price asked by the seller is a lot more or a lot less than the “Blue Book” value, ask why.

Get all verbal promises and statements in writing from the seller. If something goes wrong after the deal, a written document carries more legal weight than verbal promises.

One last note about credit. If you’ve decided to finance the car on credit, remember credit life or disability insurance are not required.

If you should have problems with the process of buying a used car, contact the appropriate state agency listed below.

GENERAL INFORMATION

The Attorney General
Consumer Protection Division, Complaint Line
P.O. Box 30213
Lansing, MI 48909
(517) 373-1140

ODOMETER TAMPERING, REPAIRS, DEALER INFORMATION AND WARRANTIES

Bureau of Automotive Regulation
Department of State
P.O. Box 30046
Lansing, MI 48909
1-800-292-4204

LICENSE TRANSFER, FEES AND TITLE

Your branch of Secretary of State's Office

INSURANCE

Insurance Bureau
Michigan Department of Consumer & Industry Services
P.O. Box 30220
Lansing, MI 48909
(517) 373-0220

RECORDS OF PROBLEMS AND RECALLS

National Highway Traffic Safety Administration
U.S. Department of Transportation
400 7th Street, SW
Washington, D.C. 20590
1-800-424-9393

DEALERSHIP LICENSING

Secretary of State
Dealer Licensing Division
208 North Capitol Avenue
Lansing, MI 48918-1200
(517) 373-9081

USED CAR CHECKLIST

Take along this checklist when you shop for a used car. Take your time and shop carefully. Don't be intimidated by high pressure salespeople or a private seller who wants to make a quick sale.

REMEMBER: Before signing any papers, test drive the car and have it inspected by an independent, qualified mechanic.

What to look for: the exterior

General appearance can give you a good idea of how well the former owner took care of the car. Look for dents, rust, repainted sections and missing chrome and molding. Flaking paint and rust around the lower edge of the body could mean inside rusting as well. Different paint shades may mean the car has been in an accident.

- ___ Check the condition of all tires, including the spare. If the tires are not evenly worn, the car may be out of alignment or there may be suspension problems.
- ___ Make sure the car has a workable jack.
- ___ Make sure the doors, windows, trunk and hood close tightly and lock easily. If they don't fit correctly, the car may have a bent frame.
- ___ Push down on each corner of the car. If it bounces up and down easily, the car may need new shock absorbers.
- ___ Check the keys to make sure they fit easily in the locks for the doors, gas tank, trunk and glove compartment.
- ___ See if the radio antenna is missing or bent.
- ___ Look for signs of leaks such as upholstery stains and interior rust. If possible, run the car through a car wash to check for water leaks.
- ___ Check the front end. A sagging front end may indicate suspension problems.
- ___ Check beneath the car for oil, transmission, brake or engine coolant leaks.

What to look for: the interior

Ask to see any service records the previous owner may have kept. Look in the glove compartment for old receipts that may give you an indication of how well the car was maintained.

- ___ Check the odometer and ask the dealer to see the odometer statement from the previous owner.
- ___ See if all the panel instruments work, including high and low beam headlights, heater, horn, windshield wipers, clock, radio, air conditioning and blinkers.
- ___ Check for upholstery that's in good condition and matches the age of the car.

What to look for: under the hood

The services of a good, reputable mechanic are well worth the costs (usually up to \$60) for an independent inspection. Ask the mechanic to:

- ___ look for metallic sludge in the radiator fluid. This may mean patched-up radiator leaks;
- ___ check for burnt or rotting wires;

Buying a Car

- _____ check the condition of the air filter. A damaged or missing air filter may mean potential engine problems;
 - _____ look for worn or cracked radiator, power steering and air conditioning hoses. Hoses should be pliable and free of cracks.
 - _____ inspect the battery for signs of corrosion. A near-dead battery may have loose or cracked terminals.
 - _____ evaluate, in general, the car's cooling, electrical, suspension and exhaust systems, as well as the brakes, transmission and engine.
- _____ Does the car click, grind or rattle on any kind of surface? Listen with the windows both up and down.
 - _____ Does the transmission pick up and shift smoothly when you accelerate? It shouldn't groan or howl and the selector lever should move easily.
 - _____ Do the wheels drift to one direction when you drive in a straight line? If so, an alignment could be needed.
 - _____ Do the brakes squeal or pull when you brake quickly? They could need new linings. The brake pedal should remain well above the floor and feel solid, not spongy. ❖

What to look for: during the test drive

A reputable seller will allow you to test drive the car so take time and drive on a variety of road surfaces and in different traffic conditions.

- _____ Does the engine start quickly and run smoothly? If it idles too fast or gives off blue smoke, it could have major problems.



CONSUMER CREDIT LOAN

Credit Repair Companies



WHAT THEY ARE

Credit Services Organizations (CSO), also called “Credit Repair Companies,” are businesses that offer to improve people’s credit or help people find credit. Their clients generally are people who have poor credit records (bankruptcy, late paying bills) or no credit record at all. CSOs may refer people to someone else for a loan or credit card. They may make inquiries to a credit bureau to question the accuracy of credit reports. The purpose of these services is to make it easier for people to get credit.

WHAT THEY CAN DO

- Refer their customers to someone else to get credit.
- Make inquiries to credit bureaus about their customers’ credit records and question the accuracy of information in their credit files (people can also do this for themselves).
- Give advice and assistance to their customers about getting credit or about their credit histories.
- Charge a fee for their service.

WHAT THEY CANNOT DO

Michigan law states that Credit Services Organizations cannot do any of these things:

- Do business without a license.
- Do business in the same location with any other business.
- Charge money to refer their customers to retailers for the same credit terms the public can get.
- Require customers to buy or rent merchandise from anyone as a condition of receiving credit services.
- Mislead or defraud the public about their services and charges.
- Make false statements about customers’ credit or tell customers to do so.
- Require customers to give up their legal rights.

“Credit Repair Companies” have no magic formulas. If you have earned a bad credit history, no one can fix it overnight. Companies that promise otherwise are simply not telling the truth.

WHAT THEY MUST DO

Credit Services Organizations must be licensed, and must post the license where it can be seen. Before any contract is signed, CSOs must give people a written notice that describes their right to look over their credit bureau files, their right to receive copies of these files, their right to dispute what is in the files, and about how much it will cost them to get copies of these files. This notice must also describe what services will be done and how much they will cost.

Contracts between CSOs and their customers must be in writing and must contain all of the following:

- Details of the customer’s right to cancel the contract.
- Total charges for the services.
- Terms and conditions of payment.
- A detailed description of the services to be done, any guarantees or promises of refunds, and the date by which services will be done.
- The CSO’s main business address, and the name and address of its agent on whom legal documents can be served.
- The name and address of the company that issued the bond which protects the CSO’s customers.
- An attachment, in duplicate, entitled “Notice of Cancellation.”
- CSOs must give their customers a copy of the contract and anything else they sign at the time that they sign it.
- A CSO must cancel the customer’s contract and refund any payment if the customer mails a written notice of cancellation to the company within five days of signing the contract.

WHAT YOU SHOULD DO

- Think over your credit problem. Remember that people who rush into a decision without thinking often regret it.
- If more credit isn’t the answer to your credit problem—and it usually isn’t—get budget counseling or help with money management.

Credit Repair Companies

- Be wary of promises that sound “too good to be true.” They probably aren’t true.
- Be sure that a Credit Services Organization is licensed before you do business with it.

Call the Financial Institutions Bureau at (517) 373-8674 to check on a company’s license.

WHAT THEY ARE NOT

CSOs are not debt management companies. Debt management companies work with people who are

having trouble paying their bills (debtors). These companies plan and manage the finances of debtors. They arrange new payment agreements with those to whom the money is owed (creditors), collect money from the debtors, and make payments to their creditors. The purpose of these services is to help debtors get their bills under control and develop money management skills. CSOs and debt management companies have very different purposes. ❖

Consumer Credit

CHANGES IN CONSUMER CREDIT

The two most significant laws affecting charge accounts and credit cards in this state are the federal Truth in Lending Act, 15 USC §1601, and the Michigan Retail Installment Sales Act, MCL § 445.851. The federal law deals primarily with the credit cost information that the seller must tell you when credit is extended, while the Michigan law, among other things, establishes the maximum monthly finance rate and prohibits certain charge account contract provisions.

Among other things, the Retail Installment Sales Act prohibits a system known as the “previous balance” method. Under this system, the finance charge is calculated on the amount outstanding at the beginning of the billing cycle. The result is that the consumer is given no credit at all for payments made during the month. This failure to reduce the monthly finance charge by taking into account recent payments has been declared to be unlawful in the state of Michigan.

Michigan retailers now use a variety of alternative accounting systems, the most common being the “unpaid balance” method, under which the finance charge is calculated on the amount remaining unpaid at the end of the billing cycle.

Another method, known as the “average daily balance,” is coming into increasing use and has been the subject of intense interest on the part of many consumers. Some retailers have held this system to be a fairer representation of the amounts owed to the lender during the month than either the previous balance or unpaid balance systems.

How is the average daily balance calculated?

The average daily balance is precisely what it says—it is an average of the amounts you have owed to the seller on a day-to-day basis. Let’s examine what happens on any given day under this system.

The seller starts with the balance outstanding on the previous day, subtracts any payments received today, and, the retailer charges for current purchases, adds the value of any purchases you have recently made. The result will give your unpaid balance for today.

The seller goes through the same process for each day in the billing cycle.

At the end of the month, all of these unpaid daily balances are added together and divided by the number of days in the present billing cycle. The resulting figure is your average daily balance. It is this figure to which is applied the monthly finance rate which can be quite a bit higher than other interest rates in order to determine your finance charge for the month.

Here is an example of a charge account under the average daily balance system, assuming that the retailer charges for current purchases. For compactness, we will be using a billing cycle period of one week instead of a month—the final figure will be the average daily balance for the week.

	Previous Day's Unpaid Balance	Payment	Purchase	Ending Unpaid Balance
June 1	\$100.00	—	—	\$100.00
June 2	100.00	—	—	100.00
June 3	100.00	\$50.00	—	50.00
June 4	50.00	—	—	50.00
June 5	50.00	—	—	50.00
June 6	50.00	—	\$25.00	75.00
June 7	75.00	—	—	75.00
Total \$500.00 = \$71.43 Average Daily Balance 7 Days				

In this particular account, note that the average daily balance system would result in a lower finance charge than under either the previous method or the variety of the unpaid balance method that includes current purchases. In our example, the previous balance system would apply the monthly finance charge rate to the \$100.00 beginning balance; the unpaid balance system would compute the finance charge upon the \$75.00 ending balance; but under the average daily balance, the finance rate is applied only to the amount of \$71.43.

How to minimize your finance charges under the average daily balance

If the seller in question is one who includes current purchases in assessing the finance charge and if you cannot pay off the entire balance this month, it will be to your advantage to keep in mind one simple rule. Pay early and buy late. In other words, make your monthly payment early in the billing cycle (as soon as possible after you receive the monthly statement). You should also make new purchases

Consumer Credit

toward the end of the billing cycle; in this way the seller will have fewer days for which you can be assessed a finance charge upon the current purchases. Of course, if the seller does not charge for current purchases, you need not be concerned with the timing of these purchases. You may determine the closing date of your billing cycle by examining your monthly statement. The closing date is often indicated by the phrase "Your payment is due by . . (date) . . ."

Unsolicited credit cards

In the late 1960s, many problems of fraud and loss were created by the indiscriminate mass mailing of some 40 million unsolicited bank credit cards. Partly in response to this, the federal Truth in Lending Act was amended to provide that credit cards from whatever source may now be issued only if the customer makes a written application for that card. This prohibition does not apply to a renewal card sent to replace an accepted credit card that has expired.

If you should lose a credit card

Upon the discovery of the loss or theft of any credit card, it is important that you immediately notify the credit card issuer. Also, if you have reason to believe that your card or card numbers are being used fraudulently, it may be to your advantage to telephone the issuer.

Many companies will immediately place your card number on a "hot list," and, if the card has not yet been used by the unauthorized person, release you from liability for the fraudulent purchases. Whether or not you make a telephone call to the company, it is advisable to send a written notification of the loss as soon as possible. You are not liable for any fraudulent purchases made after the credit card issuer has received oral or written notice of the loss or theft of the card.

In any event, federal law limits your liability for unauthorized credit card purchases made prior to notification of the issuer to \$50.00. This is, however, \$50.00 for each account so your loss can be substantial if you should lose several cards at one time. It is therefore strongly advisable that you keep a list of all your credit cards, together with their account numbers and name, address, and telephone of the issuer, and you should periodically check your cards to make certain they are all accounted for.

Overextension of credit

All of us are familiar with the conveniences of charge account buying. Some people, however, have also discovered the pitfalls involved with an overextension of credit. Many have found themselves burdened with excessive debt, and are faced with seemingly endless monthly payments on several different accounts. It would be beneficial to ask yourself how far your credit is already extended. Credit experts say that not more than 15% of your monthly after-tax income should be tied up in payments on charge accounts or installment purchases of household appliances.

Credit reporting agencies

If you have ever applied for credit or bought a product on a time installment plan, your name is probably listed with one or more credit-reporting agencies. These agencies provide information to retail and wholesale merchants regarding the bill-paying ability of credit-using consumers.

The information is usually compiled into a consumer report which deals primarily with a consumer's creditworthiness, character, general reputation and style of living. This report is used to establish a consumer's eligibility for credit, insurance or various types of employment.

Since these files hold a tremendous amount of personal information, it is essential that the data be accurate and kept up to date. In order to protect consumers, the federal Fair Credit Reporting Act requires consumer reporting agencies to supply only factual information to a creditor. However, the responsibility of maintaining accuracy lies with both the agency and, ultimately, with the consumer.

Examining your credit file

If you have been denied credit within the last 30 days because of a credit report, you have the right to examine your file—without charge—at the reporting agency. After examining the file, you may dispute any information you believe is incorrect. The reporting agency must reinvestigate and then remove the information from the file if it is inaccurate or cannot be verified.

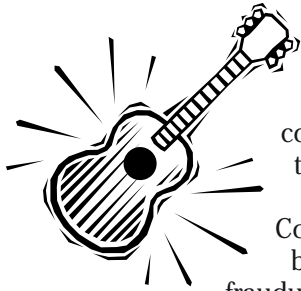
If the reinvestigation does not resolve the problem, you should file a brief statement with the agency outlining your position. The agency must include your statement in any new report. If any information in your file is either disputed or

inaccurate, you may request the corrected file be furnished to anyone who has, within the last six months, requested a report for any other reason. In other words, you have the opportunity to “clear your record” of misinformation given to others.

Even if you have not been denied credit within the last 30 days, you have the right to see your credit file. However, the consumer reporting agency may charge you a reasonable fee for the information. ❖

CONSUMER SALES

Mail Order Shopping



Mail order shopping is a major source of consumer complaints nationally. Catalogs from around the country appear in mail boxes throughout the year offering all kinds of merchandise. Consumers who plan to shop by mail should watch out for fraudulent mail order companies.

BEFORE YOU ORDER

- Read the catalog or the advertisement carefully.
- Make sure important facts about the product are included in the advertisement. Don't rely on just the picture—check for specific information about weight, dimensions and colors.
- Find a description of company history.
- Look for a guarantee or warranty and the specified time it should take to receive the product.
- You may want to check with the Consumer Protection Division of the Attorney General's office to see if there are any complaints registered against the firm. Contact the Consumer Protection Division, P.O. Box 30213, Lansing, MI 48909; (517) 373-1140.

TAKE EXTRA PRECAUTION

- Be wary of mail order firms which give only a post office box number instead of a street address.
- When ordering a gift to be sent to the address of a friend or relative, check on delivery. If, after a reasonable amount of time, the person receiving the gift doesn't acknowledge receipt, contact the company.
- Always photocopy the order blank and the check or money order and record the name and address of the firm, as well as the order number of the item.
- Never send cash through the mail.

WHEN CAN I EXPECT TO RECEIVE MY ORDER?

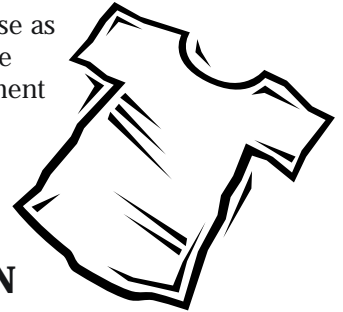
- According to Federal Trade Commission rules, a mail order firm must ship an item within 30 days

from the time it receives the order or within the time stated in the advertisement ("allow six to eight weeks for delivery").

- If the company doesn't send the item in that time, it must give the consumer the opportunity to cancel the order without charge.

WHAT ARE MY RIGHTS TO CANCEL AN ORDER?

- If the company notifies you of a shipping delay of 30 days or less and you don't respond to the notice, it is assumed you agree to the delay.
- If the shipping delay will be more than 30 days, the consumer must give expressed written consent to the delay.
- If the revised shipping date is missed, the consumer has a continuing right to cancel.
- If the consumer receives unsatisfactory merchandise as part of a C.O.D. order, the consumer may stop payment on the check. All C.O.D. orders may be paid by check.



IF I CANCEL, WHEN CAN I EXPECT A REFUND?

- A refund must arrive within seven business days of cancellation.
- The company must adjust the consumer's account within one billing cycle if the purchase was made by credit.

These rules do not apply to the following orders:

- magazine and serial shipments, except for the initial delivery;
- C.O.D. orders;
- merchandise ordered by phone;
- mail order seeds and plants;

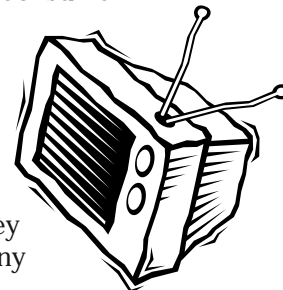
- “negative option” plans such as book clubs where a lack of consumer action results in automatic delivery of the product;
- mail order photo finishing; and
- credit orders where the account is not billed until the item is shipped.

IF A PROBLEM OCCURS

- Contact the merchant, your credit card company or the regional postal inspector whose name and

address can be obtained from the local post office and the Attorney General's Consumer Protection Division.

- Notify the Federal Trade Commission, Regional Office, 668 Euclid Avenue, Suite 520-A, Cleveland, OH 44114. They cannot mediate a complaint but they should be made aware of any illegal practices. ❖



Unwanted Phone Solicitations



Tired of salespeople who call at dinner time? Of unsolicited pitches for everything from storm windows to coupon books? Take heart. Thanks to state law and federal rules, you CAN limit these calls.

First, you need to know what's legal and what's not. Phone solicitors, even those who use prerecorded messages, must:

- Call you only between 8:00 a.m. and 9:00 p.m.
- Call you only if they have "established business relationships" with you, although the definition of such a relationship is so broad it would be difficult to prove that one didn't exist.
- Identify themselves and give you addresses or phone numbers at which they can be reached.
- Put you on their "do-not-call" list, if you ask them to.

WHAT'S THE BEST WAY TO DEAL WITH AN UNSOLICITED CALL?

Follow these steps if you do not want to be called again:

1. Tell the caller to put you on the "do-not-call" list. Most computer messages are voice responsive, so you can do this even with a prerecorded message.
2. If an address is given as identification by the caller, send a letter to that address, stating you wish to not be called again. Send copies to the Michigan Attorney General's office and the Better Business Bureau.
3. If calls from the same organization continue, or if any call violates the provisions listed above, file a complaint with the Michigan Attorney General's office or the Federal Communications Commission. Simply write a letter that includes the name, address and phone number of the organization placing the calls, the date you asked to be placed on their "do-not-call" list, and the dates and times you received the calls. You can also sue the organization for damages up to \$500.

Finally, you can try to fend off unwanted calls by putting your name on the nationwide "do-not-call" list of the Direct Marketing Association, which sends the list to member companies. Include all variations of your name that have appeared on mailing lists. Send this information to Telephone Preference Service, Direct Marketing Association, P.O. Box 9008, Farmingdale, NY 11735. This step won't eliminate all unwanted calls because companies are not bound to use the list, but it should help.

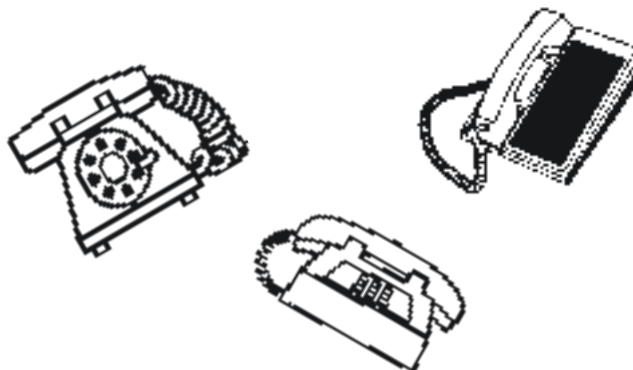
IMPORTANT NUMBERS

Michigan Public Service Commission
1-800-292-9555

Michigan Attorney General's Office
Consumer Protection Division
P.O. Box 30213
Lansing, MI 48909
(517) 373-1140

Information Complaints and Public Inquiries
Branch
Common Carrier Bureau
Federal Communications Commission
Mail Stop 1600A2
Washington, D.C. 20554

Better Business Bureau
30555 Southfield Rd., Suite 200
Southfield, MI 48076
(248) 644-9100 ♦



Contracts and Warranties

READ AND UNDERSTAND ANY AND EVERY PAPER BEFORE YOU SIGN IT

You will be legally bound by the terms of a written contract, not by the glowing words of the salesperson. Never sign a contract where the blank spaces are not filled in. Keep a copy of the agreement. If, after reading, you still do not understand all provisions of the agreement, consult an attorney.

Questions to ask yourself:

1. Is the guarantee specific?
2. Are all blank spaces filled in?
3. Are all charges itemized?
4. Do you have a copy of the contract?
5. Are all promises in writing?

Be sure the contract includes these things in writing:

- exactly what you are buying;
- the exact price of the item;
- any extra charges (such as for installation or shipping);
- the down payment or the trade-in allowance;
- the total amount due;
- the interest rate or service charges expressed IN DOLLARS;
- the interest rate or service charge expressed IN PERCENTAGE (ask for the “annual percentage rate”);
- the number, amount and due dates of the payments;
- ALL PROMISES made by the salesperson;
- the seller's promises for repairs, service or replacement; and
- the date(s) of delivery of the goods or services.

Ask what happens if you miss a payment. Will there be late charges? Will the entire balance be demanded? Will the seller automatically repossess the item? What are your rights if the company breaches its obligations?

Ask what happens if you pay ahead. Is there an added charge? Will the interest already paid be refunded? Completely? Is this in writing?

Make sure all the blanks are filled in. NEVER sign a contract with blank spaces. If the blank does not apply, draw a line in it. BE SURE TO GET A COPY OF THE CONTRACT WHEN YOU SIGN.

WATCH FOR THESE CREDIT CONTRACT PROBLEMS

Credit can cost a lot more money than needed. Always read your credit contracts and follow these guidelines for avoiding credit contract problems.

1. Never sign any credit contract with empty blanks. Unused blanks must be filled with 0, *, — or X.
2. Never sign a substitute contract if a salesperson calls you back and tells you the first contract was lost, damaged, or filled out wrong. If this happens call your attorney or legal aid before you sign another contract. This is called a “roll back.”
3. Never sign a stack of papers put before you without reading each one. One of them may be a credit contract. Also, you may be asked to sign a sales ticket or invoice that is really a credit contract.
4. Sign a contract only when you are sure that you can meet the payments.

PRODUCT WARRANTIES

Read any warranty or guarantee closely. If the product or service has no warranty or guarantee, or a very limited one, perhaps you should shop further. Note what is covered by the warranty or guarantee and remember that a warranty is only as good as the reputation of the person or company that stands behind it. Read the small print. “As is” means no warranty.

What are my warranty rights?

Most reputable products and all new cars are sold with written warranties. Under federal law (the Magnuson-Moss Warranty Act) these warranties must be labeled as either “full” or “limited” warranties. Violations should be reported to:

Federal Trade Commission
Federal Office Building
Room 1339
1240 East Ninth Street
Cleveland, OH 44199

Contracts and Warranties

Full warranties

The federal Magnuson-Moss Warranty Act specifies what must be provided by a “full” warranty:

- A defective product will be fixed (or replaced) without charge. This includes removal and installation.
- A product will be fixed within a reasonable time after a consumer complaint.
- A consumer will not have to do anything unreasonable to obtain warranty service.
- The warranty is good for anyone who owns the product during the warranty period.
- If the product can’t be fixed (or hasn’t been after a reasonable number of attempts), a consumer has the choice of obtaining a new product or a full refund.

IMPORTANT: A full warranty may cover only one component or system of an automobile.

Limited warranties

Unfortunately, most automobile warranties are “limited.” Thus, while consumer rights are protected, one must rely on the Magnuson-Moss Warranty Act and the Uniform Commercial Code. “Limited” warranties may provide the following:

- It may cover only parts; not labor.
- The warranty may allow only a prorated refund or credit.
- It may cover only the first purchaser.
- The warranty may allow a charge for handling.

Implied warranties

Implied warranties are rights covered by state law and come automatically with every sale—even though they are not written. For the state of Michigan (unless an implied warranty is excluded or modified), a common implied warranty is the “warranty of merchantability.” This means that the seller promises that the product an individual buys is fit for the reasonably foreseeable uses of the product.

Another implied warranty is the “warranty of fitness for a particular purpose.” If an individual buys a product relying on the seller’s advice that it can be used for a special purpose, then this advice may create a warranty.

Extended warranties

The Uniform Commercial Code, 1962 PA 174, provides for the automatic extension of a warranty period when goods and products are in for repair. For a warranty extension, the product must be in for repair for more than ten days or ten percent of the number of days provided in the warranty. The calculation of these days by which a warranty period shall be extended begins with the date the consumer notified the merchant, in writing, that the product had failed. Consumers should keep all claim checks, receipts, and work orders in case there is a need to prove that the auto was in for repair. ❖

Agency Directory

Where to Go For Help

AGENCIES SERVING THE STATE OF MICHIGAN

Department of Aging

611 W. Ottawa Street
Ottawa Building, 3rd Floor
P.O. Box 30026
Lansing, MI 48909(517) 373-8230

Department of Agriculture

611 W. Ottawa Street
Ottawa Building, 4th Floor
P.O. Box 30017
Lansing, MI 489091-800-292-3939

Department of the Attorney General

525 W. Ottawa Street
G. Mennen Williams Building, 7th Floor
P.O. Box 30212
Lansing, MI 48913(517) 373-1110

Department of Civil Rights

201 N. Washington
Lansing, MI 48913(517) 335-3164

Department of Civil Service

400 South Pine
Capitol Commons Center
P.O. Box 30002
Lansing, MI 48909(517) 373-3030

Department of Consumer and Industry Services

2501 Woodlake Circle
P.O. Box 30255
Lansing, MI 48909(517) 373-1820

Department of Corrections

P.O. Box 30003
Lansing, MI 48909(517) 335-1426

Department of Education

608 W. Allegan
John A. Hannah Building, 4th Floor
P.O. Box 30008
Lansing, MI 48909(517) 373-3324

Department of Lottery

101 E. Hillsdale
P.O. Box 30023
Lansing, MI 48909(517) 335-5600

Department of Community Health

Lewis Cass Building
320 S. Walnut
Lansing, MI 48913(517) 373-3500

Michigan Jobs Commission

201 N. Washington Square
Victor Office Center, 4th Floor
Lansing, MI 48913(517) 373-9808

Department of Military Affairs

2500 S. Washington Avenue
Lansing, MI 48913-5101.....(517) 483-5500

Department of Natural Resources

P.O. Box 30028
Lansing, MI 48909(517) 373-2329

Department of Environmental Quality

P.O. Box 30473
Lansing, MI 48909(517) 373-7917

Secretary of State Office

430 W. Allegan St.
Treasury Building, 1st Floor
Lansing, MI 48918-9900.....(517) 373-2510

Family Independence Agency

235 S. Grand Avenue
P.O. Box 30037
Lansing, MI 48909(517) 373-2000

Department of State

7064 Crowner
Lansing, MI 48918(517) 322-1460

Department of State Police

714 S. Harrison Rd.
East Lansing, MI 48823(517) 336-6157

Directory

Supreme Court

G. Mennen Williams Building, 2nd Floor
525 W. Ottawa
P.O. Box 30052
Lansing, MI 48909(517) 373-0120

Department of Transportation

425 W. Ottawa
P.O. Box 30050
Lansing, MI 48913(517) 373-2090

Department of Treasury

430 W. Allegan Street
Lansing, MI 48922(517) 373-3200

FEDERAL AGENCIES

Fair Housing and Equal Opportunity Office

Department of Housing and Urban Development
5100 HUD Building
451 7th Street, S.W.
Washington, D.C. 20410(202) 708-4150
*(Businesses, civil rights, construction
and building, housing)*

Office of Intergovernmental and Consumer Affairs (I-25)

U.S. Department of Transportation
C-75, Room 4107
Washington, D.C. 20590(202) 366-2220
E-Mail..... airconsumer@ost.dot.gov
(Airline service complaints)

Department of Agriculture

Office of the Consumer Advisor
U.S. Department of Agriculture
2925 S. 1400 Independence S.W.
Washington, D.C. 20250
Meat and Poultry Hotline1-800-535-4555
Web Sitewww.fsis.usda.gov

Office for Consumer Services

U.S. Office of Consumer Affairs
1620 L St., N.W., Suite 700
Washington, D.C. 20036
*(Consumer complaints, consumer and industry
groups)*

National Highway Traffic Safety Administration

Department of Transportation
Office of Defect Investigation
400 7th Street, S.W.
Washington, D.C. 20590-0001
Auto Safety Hotline Toll-Free1-800-424-9393

Federal Communications Commission

445 12th St. S.W.
Washington, D.C. 20544(202) 418-0200
(Radio, telegraph, telephone, television)

Office of Informal Inquiries & Complaints

Federal Maritime Commission
800 N. Capitol St., N.W.
Washington, D.C. 20573(202) 523-5807
(Travel, cruises, and ships)

Bureau of Consumer Protection

Federal Trade Commission (general listing)
Communications Response Cntr., Rm. 130
Washington, D.C. 20785(202) 326-3128
Publications(202) 326-2222
*(Clothes merchandising, door-to-door sales,
interest, unfair trade practices)*
Written Complaints Only

Food and Drug Administration

(District Office)
1560 E. Jefferson
Detroit, MI 48207.....(313) 226-6260

Interstate Commerce Commission

Chief Enforcement Branch
1925 K St. N.W.
Washington, D.C. 20423(202) 565-1674
Out of State
*(Household moving, travel: bus, rail, ship, surface
transportation)*

Securities and Exchange Commission

Midwest Regional Office
500 W. Madison, Suite 1400
Chicago, IL 60661(312) 353-7390
(Stocks, bonds and public information)

Social Security Administration

No National Office

(Check your local business pages under
"U.S. Government")

U.S. Commission on Civil Rights

624 9th St. N.W.

Washington, D.C. 204251-800-552-6843

(Civil rights, racial discrimination)

U.S. Consumer Product Safety Commission

Office of Information & Public Affairs

Washington, D.C. 202071-800-638-2772

(Product safety and toys)

U.S. Postal Inspector

P.O. Box 330119

Detroit, MI 48232-6119(313) 226-8184

Department of Veterans' Affairs

Office of Public Affairs

Consumer Affairs

Washington, D.C. 20420(202) 418-4343

(Veterans benefits and education)

Environmental Protection Agency

401 M Street, S.W.

Washington, D.C. 20460(202) 260-5922

(general listing)

Federal Trade Commission (Regional Office)

1111 Superior Ave., Suite 200

Cleveland, OH 44114(216) 263-3410

Consumer Product Safety Commission

M 5 McNamara Building

477 Michigan Avenue

Detroit, MI 48226.....(313) 226-4040

(Household products)

TOLL-FREE HOT LINES

Michigan Toll-Free Hot Lines(1-800+Number)

Agriculture Department

Information1-800-292-3939

AIDS Hot Line1-800-872-2437

Hispanic1-800-826-7432

TDD1-800-332-0849

Arson Control Tip Line1-800-442-7766

Auto Regulation

Consumer Complaints1-800-292-4204

Blind, Services for

Lower Peninsula1-800-292-4200

Upper Peninsula.....1-800-323-2535

Bureau of History1-800-366-3703

Children's Special Health Care Services

Detroit.....1-800-359-3722

Grand Rapids1-800-231-1717

Client Assistance Program

(Michigan Jobs Commission)1-800-292-5896

Complaint Hot Line

(Consumer & Industry

Services)1-800-882-6006

Complaint Intake and Jurisdiction

(Civil Rights)1-800-482-3604

Disability Determination Service

Kalamazoo1-800-829-7763

Lansing1-800-366-3404

Traverse City1-800-632-1097

Employee Service Program (Civil Service)

Detroit.....1-800-872-5563

Lansing1-800-521-1377

Health Checkup for Medicaid

Recipients1-800-292-2550

Health Promotion

Clearinghouse1-800-537-5666

Help Eliminate Auto Theft.....1-800-242-4328

Help Eliminate Marijuana Plants 1-800-235-4367

Home Heating Assistance1-800-292-5650

Home Purchase Hot Line1-800-327-9158

Library for the Blind and

Physically Handicapped1-800-992-9012

Fax:1-800-726-7323

Directory

Medicaid Client Assistance1-800-638-6414	Parent Help Line1-800-942-4357
Medicaid Provider Assistance1-800-292-2550	Partners for Better Government
MET Toll-Free Hot Line1-800-638-4543	(Civil Service)1-800-788-1766
Michigan Commission on Disability Concerns	Fax:1-800-649-3777
Ability Action Line	Patient Abuse and Health Care Fraud
Voice or TDD1-800-729-2253	Hot Line1-800-242-2873
Michigan Direct Student	Patient Rights (Mental Health)1-800-854-9090
Loan Program1-800-877-5659	Pollution Alert/DNR Emergency
Michigan Employment Security Commission	Service1-800-292-4706
(MESC) Customer Service Office	Project Find (Education)1-800-252-0052
Employers1-800-638-3994	Public Safety Organization Information
Claimants1-800-638-3995	(Attorney General)1-800-769-4515
Michigan Employment Security Agency	Public School Employees
(MESA) Unemployment Insurance	Retirement Fast Facts1-800-353-6932
Fraud Hot Line1-800-822-1122	Public Service Commission
Michigan Film Office1-800-477-3456	Customer Complaints1-800-292-9555
Michigan Guaranty Agency1-800-642-5626	Radon Gas Hot Line1-800-723-6642
Michigan Litter Enforcement1-800-448-7274	Army National Guard Job
Michigan Lottery Link1-800-822-8888	Opportunities Hot Line1-800-292-1386
Michigan Rehabilitation Service	Report All Poaching (RAP)1-800-292-7800
Insurance Counsel1-800-605-6722	Rest Area Hot Line1-800-654-8787
Michigan School for the Deaf	Runaway Assistance Program1-800-292-4518
and Blind1-800-622-6730	Sexual Harassment
MIOSHA Hot Line	(Corrections)1-800-326-4537
(Construction Safety Division)1-800-866-4674	Shelter Hot Line1-800-274-3583
Motor Fuel Quality Complaint	State Income Tax Information
Hot Line1-800-632-3835	Refund.....1-800-827-4000
Municipal Employees Retirement	General1-800-487-7000
Information1-800-767-6377	State Police Number
MUSTFA (Michigan Underground Storage	(Emergencies Only)1-800-525-5555
Tank Financial Assistance)	Tax Forms1-800-367-6263
Environmental Assistance Center	Tele-Court1-800-968-5669
Hot Line1-800-662-9278	Toxic and Health Hot Line1-800-648-6942

Travel Bureau	1-800-543-2937
TDD	1-800-722-8191
Tuition Incentive Program	1-800-243-2847
Underground Storage Tank, Information Reporting Network	1-800-642-4878
Waste Reduction Clearinghouse ..	1-800-662-9278
Welfare Fraud Hot Line	1-800-222-8558
WIC Fraud/Abuse Hot Line	1-800-225-5942
WIC Help Line	1-800-942-1636

SELECTED FEDERAL TOLL-FREE HOT LINES

Auto Safety	1-800-424-9393
Cancer Hot Line	1-800-422-6237
Conservation and Renewable Energy Inquiry and Referral Service ..	1-800-523-2929
Consumer Product Safety Commission Hot Line	1-800-638-2772
Federal Aviation Administration Safety Hot Line	1-800-255-1111
Federal Deposit Insurance Corporation	1-800-934-3342
Federal Toll-Free Number Information	1-800-555-1212
Flood Insurance Hot Line	1-800-638-6620
Housing Discrimination	1-800-669-9777
Information Clearinghouse Hot Line (Health and Human Services)	1-800-336-4797
Inspector General Hot Line (Health and Human Services)	1-800-368-5779
Internal Revenue Service	
Refund.....	1-800-829-4477
General	1-800-829-1040

Meat and Poultry Hot Line	1-800-535-4555
Medicare Hot Line	1-800-638-6833
Oil and Chemical Spills Hot Line	1-800-424-8802
Stamps by Phone	1-800-782-6724

OTHER CONSUMER ACTION NUMBERS

Major Appliance Consumer Action Panel (MACAP)	1-800-621-0477
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Michigan Substance Abuse & Traffic Safety Information	1-800-626-4636
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Chrysler National Owner Relations Department	1-800-992-1997
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General Motors Customer Assistance	
Chevrolet & Geo.....	1-800-222-1020
Pontiac	1-800-762-2737
Oldsmobile	1-800-442-OLDS
Buick.....	1-800-521-7300
Cadillac	1-800-458-8006
GMC Truck.....	1-800-GMC-TRUCK
Saturn	1-800-553-6000

Chrysler Corporation Customer Satisfaction Arbitration Board	
P.O. Box 1165	
Rochester, MI 48038-1165	
<i>(Chrysler/Plymouth/Dodge/AMC/Jeep/Eagle/Renault)</i>	

Ford Consumer Appeals Board	
P.O. Box 5120	
Southfield, MI 48086-5120	1-800-392-3673
<i>(Ford/Lincoln-Mercury)</i>	

Better Business Bureau	
30555 Southfield Road, Suite 200	
Southfield, MI 48076	(248) 644-9100
.....	1-800-955-5100
<i>(GM/, Nissan, Honda, VW, Audi, Acura, Saturn, Isuzu, Infiniti, Sterling, Austin Rover)</i>	

Directory

AUTOCAP

1500 Kendale Blvd.
East Lansing, MI 488231-800-292-1923

U.S. Coast Guard

2100 2nd Street, S.W.
Washington, D.C. 20593-0001
Consumer information line1-800-368-5647

Credit Counseling Centers, Inc.

38505 Country Club Drive
Farmington Hills, MI 48331(248) 553 5400

U.S. Housing & Urban Development

77 W. Jackson, Room 2101
Chicago, IL 60604-3057(312) 353-7776
Recording1-800-669-9777
TDD1-800-424-8590

Fair Housing Center of Metro Detroit

1249 Washington Blvd., Room 1312
Detroit, MI 48226(313) 963-1274
Outside the Detroit Metro area ..1-800-328-8071

Hazardous Waste Superfund1-800-424-9346

Attorney Grievance Commission

243 W. Congress
Marquette Building, Suite 256
Detroit, MI 48226(313) 961-6585

Lawyer Referral Service

State Bar of Michigan
306 Townsend
Lansing, MI 489331-800-968-0738

Legal Hot Line for Older Michiganians

115 W. Allegan, Suite 720
Lansing, MI 489331-800-347-5297

Michigan Long Term Care Ombudsman Program

Citizens for Better Care
416 N. Homer, Suite 101
Lansing, MI 48912(517) 336-6753
.....1-800-292-7852

The Inventor-Entrepreneur Network

P.O. Box 130944
Ann Arbor, MI 481131-800-468-8871

U.S. Small Business Administration

515 McNamara Building
477 Michigan Avenue
Detroit, MI 48226(313) 226-6075

Social Security Administration

.....1-800-772-1213
TDD1-800-325-0778

Medicare Hot Lines

Detroit(313) 225-8200
313 area code NOT Detroit1-800-482-4045

Internal Revenue Service

Customer Service National Office
1111 Constitution Ave., N.W.
Washington, D.C. 202241-800-829-1040

Federal Aviation Administration

800 Independence Avenue, S.W.
Washington, D.C. 205911-800-322-7873

U.S. Department of Labor

211 W. Fort, Suite 1310
Detroit, MI 48226(313) 226-7450

Detroit Consumer Affairs

1600 Cadillac Tower
Detroit, MI 48226(313) 224-6995

Community Action Agency (CAA) Centers

Statewide CAP Association
320 N. Washington, Suite 200
Lansing, MI 48933(517) 484-1353

Local CAA Offices

Alger-Marquette Community Action Board
112 W. Washington St.
Marquette, MI 49855(906) 228-6522
Fax:(906) 228-6527
Counties covered: Alger/Marquette

Allegan County Resource Development Committee, Inc.

323 Water Street
Allegan, MI 49010(616) 673-5472
Fax:(616) 673-3795
Counties covered: Allegan

Baraga-Houghton-Keweenaw Community Action Agency, Inc.

926 Dodge St.
Houghton, MI 49931(906) 482-5528
Fax:(906) 482-5512
Counties covered: Baraga/Houghton/Keweenaw

Capital Area Community Services, Inc.

101 East Willow Street
Lansing, MI 48906(517) 482-6281
Fax:(517) 482-7747
Counties covered: Clinton/Eaton/Ingham/Shiawassee/

Chippewa/Luce/Mackinac Community Action Human Resource Authority, Inc.

524 Ashmun
P.O. Box 70
Sault Ste. Marie, MI 49783(906) 632-3363
Fax:(906) 632-4255
Counties covered: Chippewa/Luce/Mackinac

Community Action Agency of South Central Michigan

175 Main St.
P.O. Box 1026
Battle Creek, MI 49016(616) 965-7766
Fax:(616) 965-1152
Counties covered: Calhoun /Barry/ Branch/St. Joseph

Dickinson-Iron Community Service Agency

800 Crystal Lake Blvd., Suite 104
Iron Mountain, MI 49801(906) 774-2256
Fax:(906) 774-2257
Counties covered: Dickinson/Iron

Economic Opportunity Committee of St. Clair County, Inc.

108 McMorran Boulevard
Port Huron, MI 48060(810) 982-8541
Fax:(810) 982-7233
Counties covered: St. Clair

EIGHTCAP, Inc.

904 Oak Drive, Turk Lake
Greenville, MI 48838(616) 754-9315
Fax:(616) 754-9310
Counties covered: Isabella/Ionia/Gratiot/Montcalm

Five CAP, Inc.

302 North Main Street
P.O. Box 37
Scottville, MI 49454(616) 757-3785
Fax:(616) 757-9669
Counties covered: Manistee/Mason/Lake/Newaygo

Genesee County Community Action Agency

631 Beach
Flint, MI 48502(810) 232-2185
Fax:(810) 768-4667
Counties covered: Genesee

Gogebic-Ontonagon County Community Action Agency

320 E. Aurora Street
Ironwood, MI 49938(906) 932-4200
Fax:(906) 932-9781
Counties covered: Gogebic/Ontonagon

Human Development Commission

429 Montague
Caro, MI 48723(517) 673-4121
Fax:(517) 673-2031
Counties covered: Tuscola/Huron/Sanilac/Lapeer

Kalamazoo County Human Services Department

M.S.U. Extension Office
201 West Kalamazoo Ave., Room 302
Kalamazoo, MI 49007(616) 384-8041
Fax:(616) 384-8006
Counties covered: Kalamazoo

Kent/Grand Rapids Community Action Program

144 East Fulton St.
Grand Rapids, MI 49503(616) 336-4100
Fax:(616) 336-4118
Counties covered: Kent

Macomb County Community Services Agency

VerKuilen Building
21885 Dunham Road
Clinton Township, MI 48036(810) 469-5222
Fax:(810) 469-5530
Counties covered: Macomb

Directory

Menominee-Delta-Schoolcraft Community Action Agency and Human Resources Authority

507 First Avenue North
Escanaba, MI 49829.....(906) 786-7080
Fax:(906) 786-9423
Counties covered: Menominee/Delta/Schoolcraft

Mid-Michigan Community Action Agency Development, Inc.

1141 N. McEwan
Clare, MI 48617(517) 386-3805
Fax:(517) 386-3277
Counties covered: Osceola/Clare/Mecosta/
Gladwin/Bay/Midland

Monroe County Opportunity Program

502 W. Elm Avenue
Monroe, MI 48162(734) 241-2775
Fax:(734) 457-0630
Counties covered: Monroe

Muskegon-Oceana Community Action Against Poverty, Inc.

1706 Clinton, Suite 003
Muskegon, MI 49442(616) 725-9499
Fax:(616) 722-1959
Counties covered: Muskegon/Oceana

Neighborhood Services Department

5031 Grandy
Detroit, MI 48211.....(313) 267-6633
Fax:(313) 267-6110
Counties covered: Wayne

Northeast Michigan Community Service Agency

2375 Gordon Road
Alpena, MI 49707(517) 356-3474
Fax:(517) 354-5909
Counties covered: Presque Isle/Montmorency
Alpena/Alcona/Cheboygan/Oscoda/Ogemaw
Iosco/Arenac/Otsego/Crawford

Northwest Michigan Human Services Agency

3963 Three Mile Road
Traverse City, MI 49686.....(616) 947-3780
Fax:(616) 947-4935
Counties covered: Leelanau/Antrim/Benzie/Grand
Traverse/Kalkaska/Missaukee/Roscommon
Charlevoix/Emmet/Wexford

Oakland-Livingston Human Service Agency

196 Oakland Ave., 2nd Floor
P.O. Box 430598
Pontiac, MI 48343-0598(248) 209-2600
Fax:(248) 209-2645
Counties covered: Oakland/Livingston

Ottawa County Community Action Agency

12251 James Street
Holland, MI 49424.....(616) 393-5616
or(616) 393-5697
Fax:(616) 393-5612
Counties covered: Ottawa

Region II Community Action Agency, Inc.

1214 Greenwood
P.O. Box 1107
Jackson, MI 49204(517) 784-4800
Fax:(517) 784-5188
Counties covered: Jackson/Hillsdale/Lenawee

Saginaw County Community Action Committee, Inc.

2824 Perkins Street
Saginaw, MI 48601(517) 753-7741
Fax:(517) 753-2439
Counties covered: Saginaw

VanCasCAP

1120 Follett Drive, Cassopolis
P.O. Box 187
Lawrence, MI 49064(616) 657-1766
Fax:(616) 445-2911
Counties covered: VanBuren/Cass/Berrien

**Washtenaw County Community
Services Division**

555 Towner
P.O. Box 915
Ypsilanti, MI 48197(934) 484-6614
Fax:(934) 484-7271
Counties covered: Washtenaw

**Wayne Metropolitan Community
Services Agency**

3715 W. Jefferson Avenue
Ecorse, MI 48229(313) 843-2550
Fax:(313) 841-7540
Counties covered: Wayne

Affiliate Member Agency

Detroit Nonprofit Housing Corporation
Executive Plaza, 1200 6th Street
Suite 404
Detroit, MI 48226.....(313) 961-0024

Michigan Legal Services

900 Michigan Building
220 Bagley Avenue
Detroit, MI 48226.....(313) 964-4130

Inter-Tribal Council of Michigan, Inc.

405 E. Easterday Avenue
Sault St. Marie, MI 49783.....(906) 632-6896
Fax:(906) 632-1810
Counties covered: Seven Indian reservations located
in Baraga, Chippewa, Gogebic, Isabella, Leelanau,
Menominee

If you have questions concerning the information in
this booklet or other consumer issues, please
contact:

The Attorney General
6th Floor, G. Mennen Williams Building
525 West Ottawa Street
Lansing, Michigan 48913
Telephone: (517) 373-1140

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